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**Indian Insurance  
Companies' Conference**

Title:

**Betterment of insurance  
profession**

Place:

**[Fort, Bombay]**

Date:

**[1928]**

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RALPH H. BLANCHARD

Betterment of Insurance Profession

**PROCEEDINGS**

OF THE

FIRST SESSION

OF

The Indian Insurance Companies'  
Conference

HELD AT

THE CENTRAL BANK BUILDING

800.62  
In 24

FORT, BOMBAY

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N. B. SAKLATWALA, C.I.E.,  
President, 1st Conference.



SHETH LALJI NARANJI, M.L.C., J.P.,  
Chairman, Reception Committee.

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## **Standing Committee of the Indian Insurance Cos' Conference.**

## OFFICERS.

Mr. N. B. Saklatwala, C. I. E. President,  
" Lalji Naranji. J. P., M. L. C. Vice President.

## MEMBERS.

Mr. H. E. Jones.  
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„ C. G. Fozdar.  
„ E. F. Allum.  
„ H. L. Humphreys.  
„ N. Datta.  
„ Girdharlal Mallick.  
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„ Pandit K. Santanam.  
„ J. C. Sen.  
„ Y. Mangayya.  
„ S. Kabbor.  
„ S. M. Pandharipande.  
„ R. J. Duff.  
„ Kanchanthal Varajdas.  
„ G. S. Marathey.

Mr K. S. Ramchandra Iyer. ... } Secretaries Ex-  
N. J. Gor. ... Officio.

#### COMPANIES REPRESENTED IN THE CONFERENCE.

- |     |  |               |
|-----|--|---------------|
| 1.  | The Andhra Insurance Co. Ltd                   | Masaulipatam. |
| 2.  | The Argus                                      | Bombay.       |
| 3.  | The Asian Assurance Co. "Ld.                   | Bombay.       |
| 4.  | The Asiatic Gov. Sec. Life In-<br>surance Co.  | Bangalore.    |
| 5.  | Bengal Mercantile Life Insce.<br>Co. Ltd.      | Calcutta.     |
| 6.  | Bengal Insurance & Real Pro-<br>perty Co. Ltd. | Cacutta.      |
| 7.  | Bharat Insurance Co. Ltd.                      | Lahore.       |
| 8.  | Bombay Life Asssurance Co. Ltd.                | Bombay.       |
| 9.  | Bombay Mutual Life Assur-<br>ance Society Ld.  | Bombay.       |
| 10. | Britannia Life Assurance Co.<br>Ltd.           | Bombay.       |
| 11. | British India General Insce.<br>Co. Ltd.       | Bombay.       |

- |  |           |   |              |
|--|-----------|---|--------------|
| 12. Calcutta Insurance Ld.                         | Calcutta. | 40. Universal Fire & General Insce. Co. Ltd.              | Bombay.      |
| 13. Christian Mutual Insce. Co. Ld.                | Lahore.   | 41. United India Life Assurance Co. Ld.,                  | Madras.      |
| 14. Crescent Insurance Co. Ld.,                    | Bombay.   | 42. The Venus Assurance Bank. Ld.                         | Delhi.       |
| 15. East & West Insurance Co. Ld.                  | Bombay.   | 43. The Vulcan Insce. Co. Ld.                             | Bombay.      |
| 16. Empire of India Life Assurance Co. Ld.         | Bombay.   | 44. Western India Life Assurance Co., Ld.                 | Satara City. |
| 17. General Assurance Socy. of Ajmere.             | Ajmere.   | 45. Zenith Life Assurance Co. Ld., Insurance Association. | Bombay.      |
| 18. Hindustan Co-operative Insce. Society Ld.      | Calcutta. |   | Calcutta.    |
| 19. Hindu Mutual Life Insce. Co.                   | Calcutta  |   |              |
| 20. Hindustan Assurance & Mutual Benefit Socy. Ld. | Lahore.   |   |              |
| 21. Hindustani Bhima Co. Ld.                       | Delhi.    |   |              |
| 22. Ideal Democratic Assce. & Mortgage Loans Ld.   | Nagpur.   |   |              |
| 23. Indian Mercantile Insurance Co. Ld.            | Bombay.   |   |              |
| 24. Indian Life Assurance Co Ld.                   | Karachi.  |   |              |
| 25. India Equitable Insce. Co. Ld.,                | Calcutta. |   |              |
| 26. Industrial & Prudential Insce. Co. Ld.,        | Bombay.   |   |              |
| 27. Jupiter General Insce. Co. Ld.                 | Bombay.   |   |              |
| 28. Light of Asia Insce. Co. Ld.                   | Calcutta. |   |              |
| 29. Lakshmi Insurance Co. Ld.,                     | Lahore.   |   |              |
| 30. National Indian Life Insurance Co. Ld.         | Calcutta. |   |              |
| 31. National Insurance Co. Ld.,                    | Calcutta. |   |              |
| 32. New India Assurance Co. Ld.                    | Bombay.   |   |              |
| 33. Nagpur Pioneer Insce. Co. Ld.                  | Nagpur.   |   |              |
| 34. New Era Insurance Co. Ld.                      | Bombay.   |   |              |
| 35. Oriental Govt. Sec. Life Assurance Co. Ld.,    | Bombay.   |   |              |
| 36. Presidency Provident & Gen. Insurance Co. Ld., | Bombay.   |   |              |
| 37. Premier Life Assurance Co. Ld.                 | Nagpur.   |   |              |
| 38. People's own Provident & General Assurance Co. | Lahore.   |   |              |
| 39. Tropical Insurance Co. Ld.                     | Delhi.    |   |              |

## PREFACE.

For the first time in the history of Insurance business in India a conference of all Indian Insurance Companies was organised in Bombay. All the spade work in connection with the conference was really speaking done by the general Insurance Companies of Bombay. It was they who as far back as February 1927 formed into what is known as the Indian Insurance Companies' Delegation. The principal object with which this Delegation was formed was to carry on an intensive propaganda on behalf of Indian Insurance Companies, firstly by appealing to the general insurance public in India to support only Indian Insurance Companies and, secondly, by approaching all associations representing Indian trade and commerce to enlist their active support and lastly by means of group advertisement and pamphlets both in English and the vernaculars. During the one year that the Delegation was in existence it carried on a persistent campaign throughout India and Burma, with the result that a great deal of interest in the Insurance line has been created in the public mind.

It was this fact which, more than anything else, influenced the Bombay Delegation in taking up the question of organising the first Conference of Indian Insurance Companies. It must be said to the credit of all Indian Insurance Companies that even the first circular which was issued by the organisers suggesting the Conference was well received and it was this favourable reception in the first instance that was in a large measure responsible for the holding of this Conference immediately.

Almost all Insurance Companies transacting life or other branches of Insurance business have now joined this Conference and there are as many as 46 members on its rolls. That the results of the Conference have exceeded all expectations are

now so well known that it is not necessary to enlarge upon the utility of the Conference itself. The mere fact that the Indian Insurance Companies doing business in various parts of India took the trouble and expense to send their representatives to attend this conference, combined with the fact that almost all the distinguished industrialists and merchant princes of Bombay took more than ordinary interest in the proceedings of the conference by personally attending it and thereby contributing to its great success is an eloquent proof, if any proof was needed, that the thinking mind of India is wholeheartedly with the Indian Insurance Companies.

The Conference has been responsible for stirring the principal Indian Insurance officials to great activity in that they have contributed very valuable, interesting and instructive papers on Insurance. The general public until quite recently understood Insurance as nothing else but the payment of premium and the receipt of claim, if any, whereas today Insurance people who really took part in the Conference have shown to the public the larger services which the institution of insurance has rendered and is rendering to the public good all over the country. The manifold services which the profession of insurance is rendering to the community at large have been touched upon by some of the speakers. It is no exaggeration to say that all papers without exception have been a real and solid contribution to the insurance literature of India where such was lacking.

The Conference was really very fortunate in that it had for its President an eminent businessman like Mr. N. B. Saklatwala, C.I.E., and for the Chairman of the Reception Committee, an equally able businessman in Mr. Lalji Naranji. The contributions made by these two distinguished businessmen of Bombay in their respective addresses have been very valuable indeed, and coming as they do from technical business people

who always mean what they say must give more than ordinary food for thought for other industrialists and businessmen of India. If a firm like the Tatas'—who control fire insurance running into several crores—rightly claim to have placed all their insurances with an Indian insurance company, we do not know what further effort is necessary on the part of the millowners and other industrialists of India to follow the patriotic example set by the Tatas. Mr. Lalji Naranji also can claim credit for placing all the insurances under his control with Indian insurance companies. Most of the Municipalities, public bodies, charitable and educational institutions are now looking more and more to Indian insurance companies for the protection that they require. The Conference has passed a resolution in the form of a reminder to the people of India to support Indian insurance companies and we make no apology for quoting that resolution in extenso.

"This Conference of the Indian Insurance Companies calls upon the Indian insuring public in general and the mercantile community in particular to place all their insurances whether life, fire, marine, accident etc. as far as possible with the Indian Insurance Companies."

This resolution was naturally accepted with considerable enthusiasm by the whole audience present at the Conference and it is up to the people of India to see that this mandate of theirs is loyally adhered to and that when the next Conference of Indian Insurance Companies meets in 1929, it will not be necessary to repeat this resolution.

Bombay 22-5-28.

K. S. R. Iyer.

N. J. Gor.

Secretaries.

### Welcome Address by Chairman of the Reception Committee.

*Mr. Lalji Naranji, M. L. C. J. P., Chairman of the Reception Committee at the outset of his address made special reference to the presence at the Conference of Sir Geoffrey Corbett, Secretary, Department of Commerce, to whom he extended a hearty welcome. He thanked Sir Geoffrey for the interest he had shown in the Conference and hoped that Government would always be willing to extend them the hand of co-operation. He also expressed his hope that Government would help in bringing about the progress of insurance in this country as far as Indian Insurance was concerned :—Proceeding he said.*

*Brother Dalegates and Gentlemen,*

*“ I have great pleasure in extending to you a hearty welcome to this city. This is the first occasion on which all the Indian insurance companies are meeting together for a common purpose and with common objects. It is in the fitness of things that such a conference should first be held in the city of Bombay, for, this city has given birth to a number of organizations conducive to National development. Bombay is the one city in India where important trades are still in the hands of the people of this country. It is in this city and in this Presidency that the important industry of India, viz., the Cotton Mill Industry is situated and which is mainly controlled by the Indian people.*

So far as insurance is concerned, it might perhaps be a surprise to many people to know that insurance had its origin in this country. Manu, the Hindu Law-Giver, specifically mentions a charge on goods carried from one town to another to ensure their safe carriage until handed over to the consignee at destination. The following quotation taken from an English author will confirm the above statement :—

" If we want a remote example nearer akin to our modern conception of the meaning of the word ' INSURANCE ' we can turn to India where it is recorded in the ' Institutes of manu ' which were compiled some-time before the Christian Era, that in estimating the tax to be levied on the trader some consideration should be given to a well-known charge in the transit of goods for securing the goods carried."

Insurance business is being carried on even now by Indian individual firms. Such firms, however, never organized themselves into limited liability concerns on modern lines, as India, instead of developing her navigation, insurance and banking, began to lose them all in favour of Western countries under the British Regime owing to their failure to turn navigation by sail into steam and their individual banking and insurance business into regular joint stock concerns.

The natural result was that, these firms as they were constituted, had no strength to withstand the inroads of organised and established foreign companies.

The resources of individuals were divided and limited and they sank into insignificance due to their own internal competition and external competition from foreign concerns.

Banking and insurance are necessary national requirements and so are very closely allied to the needs of trade. So long as articles of trade were carried by Indian sailing ships, both banking and insurance remained with Indian individual firms. But as soon as wooden sailing ships were replaced by steam steel ships of non-Indian makes, non-progressive Indian firms could not continue against the well-organised, advanced and scientific foreign countries. Along with the passing of the country's trade, therefore from the hands of Indians, shipping industry also vanished and banking and insurance followed suit.

It is to be deplored that a line which had its origin in India hundreds of years ago and which was in extant even in those primitive times, to-day finds itself not only neglected but positively ignored by the people of this country.

A hundred years ago, there was not a single insurance company in this country established by the people themselves. Even fifty years ago, there were no insurance companies of any standing in India, even for the transaction of life insurance business. In so far as other lines of business in insurance were concerned the entire benefit was going to non-Indian companies. Life insurance companies themselves began to appear on the scene only from the year 1870,

and to-day India can claim to have a number of life insurance companies. For the large number of life insurance companies that we have in India, the business that they do is very small, as it is obvious that still a great portion of the Indian life insurance business goes to non-Indian companies.

Life insurance has been developing by leaps and bounds throughout the world since the postwar period. Several countries are writing to-day four and five times more business than they used to do even five years ago. India has not lagged behind in this respect inspite of several disadvantages under which we are suffering to-day. Life insurance is slowly developing in this country as can be gathered from the fact that some of our leading insurance companies are able to write to-day as much as 50 per cent of the total business which all the Indian insurance companies wrote even three years ago. To give only one instance, the "ORIENTAL" of Bombay has been able to write in the year 1927 new business exceeding  $4\frac{1}{2}$  crores of rupees as against the 8 crores of rupees which all the Indian life insurance companies wrote only three years ago. Yet, it must be confessed that the Indian people are still very backward in respect to *per capita* insurance. Of course, it must be admitted that India is comparatively a poor country. Still the amount of life insurance in force with Indian companies— $53\frac{1}{2}$  crores of rupees for the large population of this country is woefully small. Calculated per head of the population, this cannot even come to Rs. 2 per head as against Rs. 2,000 per head in America, Rs. 1,500 per head in Canada, Rs. 800 per head in England and Rs. 400 per head in Japan. In

the same way, the funds of the Indian life insurance companies, compared to the accumulated funds of life companies, in other countries, are negligible. The total funds of all the Indian life companies are a little over 14 crores of rupees as against 4500 crores of rupees of American life companies, 1600 crores of rupees of English companies, 600 crores of Japanese companies and 450 crores of Canadian companies.

That there is a vast field for indigenous life companies cannot be denied. With the creation of a proper insurance atmosphere in the country itself and with the move that we are now definitely taking and other propaganda and educational work that we shall have to carry on in the future, there can be no doubt whatever that, as time goes on, people will look to Indian companies for more and more of the insurance protection.

Leaving life insurance for the present, and passing on to what are known as commercial insurances, such as fire, marine, motor car and other accident business, it must be said at once that Indian companies, even a decade ago were not much in evidence. Inspite of the fact that large trade has been going on between India and other outside countries and in spite of the fact that the cotton mill industry and the cotton trade were in the hands of the Indian people, there never was any thought given to this great handmaiden of commerce. It was left to the post-war period to bring into existence several new types of enterprises and commercial insurance was one of them. Several fire insurance companies were started with huge paid-up capital, as a

result of post-war prosperity. India has not developed many industries and consequently has not enough fire insurance business of her own. These companies are still able to carry on because of their large capital. To meet their expenses, they had to seek outside fields and some had to go to the United Kingdom and the U. S. A.

There can be no doubt that several crores of rupees are being spent every year by the millowners, cotton merchants, seed and other merchants, property owners and several other trades in insuring their respective factories and business premises. Excepting for a small fraction, most of the motor cars used in India are owned by the Indian people. A very large amount is being spent in insuring these cars, the bulk of which to-day goes to non-Indian companies. The important crops of India every year are valued at Rs. 1500 crores. The imports into India of foreign articles are valued at over Rs. 232 crores a year. The insurance premium therefore on all these heads must be enormous. But I am quite certain that not even 5 per cent of this goes to the share of the Indian insurance companies.

The great difficulty in India to-day is to get correct information to enable us to understand how insurance premiums are shared by indigenous and non-indigenous companies. Almost all countries in the world to-day have their own Government machinery to get this information every year. It is only in unfortunate India that such information is not available to the people. Although the Government of India a few years

ago agreed to introduce a Bill for the regulation of insurance business, it is to be regretted that so far nothing has happened. It is very necessary, in the interests of insurance business, that statistical information from ALL insurance companies transacting business in India, showing how much business they do under various heads, should be filed with the Government of India. Then only will it be possible for the Indian public to understand how small a portion of the large premium falls to the share of the Indian companies compared to the very large amount which goes out of this country for the benefit of non-Indian companies.

Every country in the world to-day finds that insurance business should be developed for the sake of the country itself. Even small Republics like Argentine, Chilli and Brazil have passed such stringent restrictions against foreign companies that to-day the major portion of the insurance business has automatically gone to the national companies. Other countries have passed legislations favourable to local companies even at the sacrifice of foreign interests. Behind all these, there is the solid and whole-hearted support of the people of these respective countries for their own institutions. It is only in India that such united action on the part of the people has not yet been forth-coming. With a view therefore to enlist the active support of the people of India, all Indian Insurance Companies in Bombay transacting commercial insurance started a joint publicity campaign over a year ago. The response so far has been satisfactory and the Delegation has now become a regular Association of Indian

Insurance Companies and it is proposed to continue the publicity campaign on behalf of Indian insurance companies. I am glad to say that all Associations representing Indian trade and industry have now begun to take greater interest in Indian insurance companies. Everywhere there is an awakening of national spirit and it behoves all of us interested in the insurance business to see that this favourable atmosphere is maintained, sustained and continued for the benefit of Indian insurance business in general and for the advancement of the Indian insurance companies in particular.

The development of insurance, especially of Commercial Insurance, requires the good-will and co-operation of various foreign insurance companies. I am glad to say that such co-operation has been extended to our Indian Companies and all Indian and non-Indian insurance companies have been working in a friendly spirit. Insurance creates a friendly feeling all over the world as the more risks are divided in all parts of the world, the less risky and more profitable it is to insurance companies. Insurance habit increases with the development of industries. Industries require capital and no country can do without capital. Insurance creates capital. Insurance is such a necessity that the security offered will tempt every one for his own safety to go for insurance. The growth of Insurance and the growth of industries are mutual and go together in every country. Insurance is a charge levied voluntarily by each and every business and industry. A sum is set apart to meet any contingency of loss.

Competition in insurance will affect both Indian and non-Indian groups adversely. I shall quote here the remarks of the "REVIEW" an English Insurance paper, which has in its issue of February 1928, given a review of the working of Indian insurance companies. It says as follows :—

"The feature of the working accounts of these companies ( Indian Insurance ) that strikes one is the evidence they afford of a low risk business, but that the business generally is done on extraordinarily high commission terms. The position in this respect improved in 1926, but it is still remarkable. In one or two cases the high rate of commission is to an extent due to the volume of re-insurance written but there is clear evidence that commissions are very much above the usual scale and the profit which there should be in the business of the risk character indicated by the loss ratio is lost in the Commission terms."

It will thus be seen that business is secured on high commission terms, which absorb all profit. I therefore appeal to all industrialists, traders, landed proprietors and everyone who has anything to do with insurance in this country to place their business with Indian insurance companies.

Insurance, unlike other business, is necessarily an international business. Insurance Companies always

like to spread their risks in as many parts of the globe and in as varied businesses as possible as, in the event of loss, the companies will always be protected from the revenues derived from different classes of business. The Insurance business is such that some countries have favourable loss experience and some otherwise. Insurance Companies generally work on the basis of reciprocity thus creating a universal brotherhood in this most important business.

In conclusion, I hope and trust that the Conference we are holding to-day will be the forerunner of the greater interest which the Indian insurance public will evince in their own national concerns and that before long all the Indian insurance companies will be placed in the happy position of sharing the bulk of the business that the Indian insuring public are placing to-day. With these words, gentlemen, I again have great pleasure in welcoming you to this the first Conference of Indian Insurance Companies.

— : —

### Election of the President.

*Mr. H.P. Mody (Chairman of the I.M. Chamber) in the absence of Sir Purshottamdas Thakurdas then proposed that Mr. N. B. Saklatwala be elected to the Chair. In doing so he said, "A surprise has been sprung upon me in asking me to move this proposition. However, I am glad to do this because Mr. Saklatwala is one of the leading figures in the commercial and industrial, life of this city. His claim to the presidential chair of this Conference is also based on the fact that he is the head of an organisation which controls the largest insurance company in this country which along with other companies we may regard as a national enterprise. I do not think therefore that Mr. Saklatwala's claim to occupy the chair can be disputed and I think there is no better man we could have selected for this purpose. I have great pleasure in proposing him to the Chair.*

*Lala Lajapatrali M.L.A. seconded.*

*After thanking Mr. Mody for the very eloquent words used in reference to him Mr. Saklatwala took the Chair and delivered his address as follows:—*

### "Presidential Address"

*Gentlemen :—*

I am much obliged to you for the honour you have conferred by appointing me as the President of the first Indian Insurance Conference. I confidently hope that this Conference will now be an annual event and grow every year in usefulness and importance.

The idea of holding this Conference had its origin in Bombay. This was accelerated by the activities of the Indian Insurance Delegation of this city. It was this Delegation who, during the last year, was responsible for creating a great deal of interest in the public mind in favour of Indian insurance companies. They carried on a regular and uninterrupted propaganda both in the press and through pamphlets. All the Associations representing Indian trade and commerce throughout India and Burma have welcomed the activities of this Delegation and have already begun to take an active interest in Indian Insurance Companies. The experience gained by the Delegation during the last one year has emboldened them to embark on a more permanent organisation and I am glad to say that their efforts have been crowned with success. The result is the formation of what is known as the Indian Insurance Companies' Association in February of this year.

It is indeed a gratifying feature that out of about 45 insurance companies of Indian origin who do different kinds of insurance business, almost all have joined the Conference, and at this stage, I would like to thank on your behalf the organizers, and especially Mr. K. S. Ramchandra Iyer, and Mr. N. J. Gor, for the trouble they have taken, and congratulate them on the success attained.

Mr. Lalji has told you how backward India is in the matter of insurance. I shall supplement a few figures to what he has already given you. Life companies were much earlier in the field than fire and

marine. Amongst these, the oldest existing life company is the Christian Mutual started in the United Provinces as long ago as 1847. The oldest limited life company is our well-known "Oriental" established in 1874.

Between that date and now some 50 companies (including Mutuals) have been established, and are still working.

Except the "Indian Mercantile" started in 1907 no real attempt was made to start Fire and Marine companies until 1919, when several substantially capitalised companies were established in Bombay and Calcutta.

The funds (including paid-up capital) of all Indian life companies do not very much exceed rupees 14 crores, and those of fire and marine may be put down at about  $2\frac{1}{2}$  crores.

There are 56 Indian life companies, and 23 non-Indian companies doing life business. Amongst those doing fire and marine business, there are only 10 Indian and over 100 non-Indian.

I hope you will all realise how insignificant these figures are for a vast country like India as compared to other countries, not forgetting Japan.

Let me now come to the object of this Conference. Mr. Lalji has rightly said that the Indian and non-Indian companies have been working in a friendly spirit, and it is not our object here to ask the non-Indian companies to quit and leave the field to

us. On the contrary, there is ample room still for all the non-Indian companies and many more Indian companies for the different insurance business. We have met to-day to make you realise what has already been achieved by Indian companies, especially life, what immense scope there is for more companies carried on by Indians, how much more can be done by a ready response by the great Indian public and how much more can the insurance business expand if the proper insurance 'sense' can be instilled in the public mind.

India is still on the fringe of insurance business as far as Indian companies are concerned. The existing companies have a great responsibility. They have to demonstrate that they can develop along the right lines and inspire the same confidence among the public as some of the non-Indian companies with millions of reserves behind them. I am glad to say that in life some of the Indian companies have shown results for a series of years which have absolutely consolidated their position, and to-day can hold their own against the best non-Indian companies that are working here. That is not enough, and such life companies should not be counted on the fingers end but by scores. Our efforts should be directed towards strengthening the position of those that are still struggling and starting many more in different parts of the country.

I have a mournful tale to unfold when coming to fire, marine and accident. Here the progress is painfully slow. The few Indian companies which have already started have demonstrated their utility and their

right of existence. I am however grieved to record that the public have not responded to their efforts to the extent they have a right to expect. The Indian public, as a rule, are suspicious and if I may say so ignorant on insurance matters. They have an idea that the foreign companies have very large reserves behind them, and have wider experience, and are therefore better able to meet losses than Indian companies of later growth. Again some of our big capitalists and industrialists have had very cordial relations with these foreign companies which they are loath to disturb. To an extent, these people are correct, but if a firm like the Tatas, who can be given some credit for business acumen, can see their way, consistent with their responsibility, to confine all their business, extending to some crores, with an Indian company, surely others can do the same.

I can assure you, gentlemen, that most of our Indian companies are now on very sound insurance lines. Whatever risk is entrusted to them (never mind for how many lacs) according to the best insurance practice, a restricted limit is retained and the rest re-insured with other sound companies who in their turn reciprocate similarly. It is this wide distribution which gives security. Some of our public utility companies, who have now begun giving the Indian companies a share of their business, have thoroughly examined the position before doing so. I am quite ready to admit that the Indian companies have first to deserve and then to desire, but I am quite confident that most of our Indian companies

can stand the most severe scrutiny. Most of them have employed the right kind of experts, have built up reserves at the sacrifice of dividends in spite of the clamour of their shareholders, and now can with all justification claim your business.

It is now the turn of the great Indian public to support them. There should be some enthusiasm in them, there should be patriotism and business instinct. I am no politician, but I am sufficiently a business man to feel in my heart that the Swaraj for India depends to a great extent on its industry, commerce, banking and insurance. God helps those who help themselves. On economic as well as on patriotic grounds it is your bounden duty to place all your business with the Indian companies which are already existing, and thus give a stimulus to the promotion of new companies. This is the surest way of conserving India's wealth in the country itself. Big and small, all can help. I ask for the right vision and right perspective, and I do hope this appeal will not fall on deaf ears but practical results will be achieved by the time we meet again next year.

Before I finish, there is one important question I must refer to, namely, Insurance Legislation. As far back as June 1925, a draft Insurance Bill was published in the Gazettee of India, and most of us were requested to send in our comments on it.

The Insurance Bill seems to have disappeared. The original reason for its disappearance was that Government proposed to wait the report of a body

sitting in London to recommend alteration to the English Insurance Act.

To the best of our knowledge, the report has now been made, and we are but awaiting Government's next move in the matter.

The Government of India Bill, as originally published, provided, for deposits from every insurance company, and in this connection, it is important to us to insist that the final wording makes it clear that subsidiary companies working in India shall be required to make a separate deposit; that each American company be required to put up a separate deposit, however it may be worked or controlled in India. Numerous American companies have entered this country free, but some of us know the onerous requirements before an Indian company can enter America. And lastly any firm or person representing "Lloyds" or other similar underwriting body shall be required to put up a deposit. "Lloyds" is really a combination of a great number of very small insurance companies, and it is a matter for consideration as to whether one deposit should be regarded as sufficient. This is a legitimate demand of indigenous insurance companies and would be readily granted in any country.

I think we should go further than deposits, however, and strongly commend to the Government of India the idea as to whether it is not possible to think out some reasonable and moderate form of protection for Indian insurance companies. The question is a difficult one, but it has been done in other countries.

We do not want anything unreasonable, as it might do more harm than good, by provoking retaliation on Indian companies outside India. We want some moderate suggestion that would constitute a slight inducement to Indians to insure with Indian companies, in order that the progress of Indian companies may be assisted.

After all, the Indian companies sell insurance in much the same manner as other people sell cotton or steel.

I once again congratulate those who have conceived the idea of this Conference. Let us realise this is merely the commencement of our task and there is much work ahead. This will have to be an active and live Conference working throughout the year because once the pace is slackened much of the good work can be undone. If the right sort of propaganda is carried on much can be done to shake off the present listlessness of our countrymen and it will go a great way towards promoting a spirit of goodwill and co-operation by which alone substantial progress can be made.  
Gentlemen, I again thank you."

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### **Death of Sir Currimbhoy Ebrahim.**

*The following resolution of condolence at the death of Sir Currimbhoy Ebrahim was moved from the Chair and carried unanimously, all standing :—*

"The Conference has heard with very great regret the sad death of Sir Currimbhoy Ebrahim, Baronet, the Senior partner of Messrs. Currimbhoy Ebrahim & Sons one of the leading Industrialists of India who have consistently supported Indian Insurance Companies and places on record the deep sense of the great loss the Indian business in general and the Indian Insurance business in particular have sustained. They beg to convey to the family of the deceased the sympathy of this meeting in their sad bereavement.

That a copy of this resolution be forwarded to Messrs. Currimbhoy Ebrahim & Sons."

### **Appointment of Subjects Committee.**

A Subjects Committee consisting of the following gentlemen was formed to draft the necessary resolutions to be placed before the Conference :—

N. B. Saklatwala, Esq., C. I. E.  
Lalji Naranji, Esq., J. P.  
H. E. Jones, Esq.,  
J. C. Setalvad, Esq.

R. J. Duff, Esq.  
 H. L. Humphreys, Esq.,  
 Sen Esq.,  
 Pandit K. Santanam.,  
 Lala Girdharilal.,  
 S. B. Cardmaster, Esq.,  
 Byramjee Hormusjee, Esq.,  
 S. Kabboor, Esq.  
 Kanchanlal Varajdas, Esq.,  
 Girdharlal Mullick, Lala,  
 D. D. Deshpande, Esq.,  
 G. S. Marahte Esq.,  
 K. S. Ramchandra Iyer, Esq.  
 N. J. Gor, Esq.

### Messages.

The following letters and telegrams from gentlemen who were unable to attend the Conference were read by the Secretary :—

**From Sir George Rainy**, the Commerce Member, Government of India : "Sir George Rainy regrets exceedingly that he is unable to accept the kind invitation of the Chairman and Members of the Reception Committee of the Indian Insurance Companies' Conference to be held at Bombay on Wednesday and Thursday the 4th and 5th April, as it is impossible for him to be in Bombay on these days."

**From Sir Rajendra Mukerjee**, Calcutta :—"Sir Rajendra Mukerjee regrets his inability to accept the invitation of the Chairman and Members of the Recep-

tion Committee of the Indian Insurance Companies' Conference to be present at the conference to be held in Bombay on 4th and 5th April next. He, however, wishes the Conference every success."

**Telegram from V. Mangalam**, Bangalore, "Regret inability to attend owing to company's pressing business. Posted letter yesterday. All India association an epoch making event in progress of Indian Insurance. Pray accept best wishes for success of Conference."

**Telegram from Madhava**, Mysore :—"Owing to important Government work unable to attend. My ideas already frequently before public. Wish Conference every success. Great future awaits prompt and correct action by Indian Insurance men."

**Telegram from Mr. Jamshed Mehta** Karachi :—

"Regret inability to attend. Accept hearty congratulations. Wish your Conference all success."

**Telegram from Cowasji Khambatta** Auctioneer, Ahmedabad :—"Wish every success to Insurance Conference."

**Letter from Mr. V. Rangasami** General Secretary, Asiatic Govt. Security Life Assurance Co. Ltd. Bangalore :—

"Many thanks for your kind invitation to the First Indian Insurance Companies' Conference which I hope will become a permanent annual institution. Believe me that only very pressing official business

has prevented me from personally attending and participating in the function. The absence of a common Association and want of co-ordinated thought for the protection of the legitimate interests of Indian Companies have been very keenly felt and it is a matter of immense satisfaction that the praise worthy efforts taken in this direction have at last borne fruition. The future of Economic India depends to a great extent upon Insurance and co-operation. These are the crying needs of the hour and if as a result of your deliberations in the Conference, you are able to focus public attention upon the value of Insurance and the necessity for encouraging Indian concerns, you will be achieving a large measure of success. It should also be our endeavour to explore all possible ways and means to satisfy the public at large that the Indian Companies are no whit inferior to foreign concerns in (1) safety and security of Investment, (2) speedy settlement of claims and (3) economy in management. In this great humanitarian work each has a lot and all the Indian concerns should therefore work together in a spirit of sympathy and goodwill. May your discussions lift aloft the banner of Indian Insurance and May the Conference inaugurate a new era of concord and good understanding among the Indian concerns, is the wish of your friend and fellow worker."

Six interesting papers dealing with the different aspects of Insurance were read at the Conference. They are printed here one after another in the order in which they were read.

## **Insurance and its Manifold Services.**

BY

**Dr. B. J. MODI,**

of Messrs. Lalji Naranji & Co.

Managing Agents.

**THE JUPITER GENERAL INSURANCE CO., Ltd.**

*Mr. President and Gentlemen,*

The general idea in the minds of the ordinary public about insurance is that its real function begins and ends with the payment of a claim. To a certain extent, this is undoubtedly so, but in this short address I shall confine myself with the larger service rendered by all classes of Insurance to the community in general and to individuals in particular. There is no branch of Insurance which does not render this important service. Fire Insurance Companies have been responsible to a very large extent in the great improvement that has taken place in the architectural designs of some of the prominent public buildings throughout the world. It is here that the professional architect and the trained insurance Inspector put their heads together and evolve a design pleasing to the eye and safe from all points of view. But it is in the construction of large industrial plants that the ingenuity of the insurance Inspector is brought into full play as it is here that very large amounts are covered by Insurance Companies. Particular care is, therefore, taken to see that

proper cutting-off of hazardous processes from innocent departments is done so that the industry is saved from paying huge premiums for fire insurances and the workmen are saved from disastrous fires that always take place when such separation has not been provided for. In this way, Fire Insurance undoubtedly plays a leading role instead of merely meeting a claim by the payment of money.

The same can be said perhaps to a larger extent of the service of Marine Insurance. Every trained underwriter is expected to be fully posted as to the construction of all important vessels as this has much to do in the acceptance of risks both of vessels and the cargoes that are carried on them. There are experienced marine engineers and no vessel to-day can get a quotation unless it has been passed by the trained Surveyors of that wonderful Institution known as the Lloyds of London. As everyone knows, after steamships were introduced in the world's sea going traffic Lloyds became the oldest marine Insurance Institution in the world and almost all the steam vessels of the globe to-day have had at one time or another to come under the scrutiny of the surveyors of this Institution.

When we pass on to what are known as Accident Insurances, we find that a larger service is done in these departments than even in the two previous ones that I have mentioned. Safety appliances and other safe guards to prevent accidents in factories are the out-come of careful inspections and reports made by the various people engaged in the Insurance business. To-day, there is no industry worth the name which

does not protect its workers from accidents. Indeed, it has been made compulsory by various Governments that all workmen engaged in factories should first be 'protected by their employers against accidents happening to them in the course of their employment. Insurance Companies know well that the negligence of a careless employer will mean certain death to a number of employees and very large amounts by way of compensation would be made against the former. So, in the nature of things they take great care to frequently inspect all the factories in which they are interested and suggest various improvements so as to avoid accidents to workmen as far as possible. This serves two important purposes, one in the industry being able to continue all its employees intact and the Insurance Company in not being called upon to pay heavy claims. It is only natural that nobody will like to be known as careless or negligent towards his employees and so ultimately without anybody feeling anything about it a great service has been rendered not only to the industry in general but also to a group of employees in particular.

But the greatest service of all services is rendered by the Life Insurance Companies. To-day, several go-ahead Companies of the West are engaged in the pleasant and noble task of prolonging the Lives of their policy holders. Literature by the tons are issued to-day telling people how to live under hygienic conditions and to avoid diseases. It is not so much the curing of diseases that worries anyone to-day as the prevention of illness altogether. Small booklets

attractively printed, written in equally attractive style by people expert in their lines are broadcast freely throughout the length and breadth of the country telling people what they should do and eat to prolong their own lives. Some Companies have even gone a step further and have organised free medical examinations so that a policy-holder is always put on his guard if there is anything the matter with him. Discretion of diseases known only to the medical profession ten years ago is to-day within the knowledge of everyone who is competent to read common English. More knowledge and better information are placed at the disposal of the laymen by Insurance Companies to-day than a host of authors put together. Who could have dreamt even twenty years ago that Life Insurance Companies would be launching on a scheme I have mentioned above instead of merely collecting the premium, paying the commission and when a claim is made paying it thus ending its contract? Times have changed and are changing and at this rate one cannot say what further wonderful service will be at the disposal of the common generation. Even this, I maintain, is only a very small service rendered by Life Insurance Companies compared to the very great and useful service that they have done to a large number of population throughout the world. If to-day the farmer in Western countries finds himself prosperous he has to thank the Insurance Companies for his prosperity. If the middle class man has a roof over his head, he has no one else to thank for but the Life Insurance Companies. If gas and electric power have made the very remarkable development that they have

to-day it is the Insurance Companies that have made them possible to attain this position. If Rail-Roads have increased their capital it has come from Insurance Companies. If Public Schools and Universities have been possible the Life Insurance Companies have had a great hand in this development as well. I can go on multiplying cases where Insurance Companies have spread their usefulness, but I think for an audience like this the facts that I have enumerated above will be more than ample to show that Insurance Companies when they begin to grow, develop and become a power, will only be too-glad and too willing to render the greatest of service to humanity in general and to the country at large.

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## Why Non-Indian Insurance Companies Still hold the Indian Market ?

BY

Mr. R. J. DUFF,

General Manager,

THE NEW INDIA ASSURANCE CO., LTD.

*Mr. President and gentlemen,*

The subject of the paper I have been asked to read to you is: "Why non-Indian Insurance Companies still hold the Indian market?"

The direct and immediate reply is, of course, very simple. It is "Because Indians insure with non-Indian Companies."

(It is to be understood that in this paper I refer to Fire, Marine and Accident Insurance Companies and not to Life Companies.)

Obviously, if Indians insured always with Indian Companies,—the non-Indian Companies could not hold the market. In such circumstances most of us would probably be going about our business with broad smiles upon our faces, instead of attending this Conference. There might still be a Conference (possibly in London) but it would be a Conference of non-Indian Companies, to find out, amongst other things, "Why non-Indian Companies had failed to hold the Indian market."

To-day, however, we are up against the fact that, to a very large extent, Indians do not insure with Indian Companies. Therefore, if we search for, and find, the *reasons* for this, we shall have solved to a large degree the question of "Why non-Indian Companies hold the Indian market".

I propose in this paper to detail some of the "reasons" just spoken of, and discuss and suggest means by which we can endeavour to overcome and do away with those things which impede our progress.

(1) The number of Indians and Indian firms holding the Agencies of non-Indian Companies.

I put this "reason" first, because it enables the non-Indian Companies to retain the larger bulk of insurance business.

There is a collection of Rules familiar to many of us known as "Agency Rules." These Rules prevent us paying agency commission to more than a certain number of firms. Therefore, even if an Indian merchant does desire to give up the Agency of non-Indian Company, and place his business with an Indian Company, he probably finds that it is not a business proposition.

The natural enquiry is,—"Why bind oneself to such Rules?" and the reply is interesting.

We must be either Tariff Companies or non-Tariff Companies.

If we are Tariff Companies, we are required to bind ourselves to adhere to the Agency Rules.

If we become non-Tariff Companies, we automatically lose our important Treaty Reinsurance market in London with the British Tariff Offices.

This, by itself, would not be disastrous, because we would not have much difficulty in finding other markets for our wares, in so far as Fire business is concerned. We could place our reinsurance Treaties:-

- (a) In the non-Tariff London market including "Lloyds," (but the security might not be so good.)
- (b) In Europe (outside England.)
- (c) In America.

There is another consideration, however, and an important one. Our friends, the British Tariff Offices, give us business by Reinsurance Treaty. Some of us get this business to a larger extent than others, but most of us, I believe, get some of it.

If we become non-Tariff Companies, we lose this business, and we don't want to lose it.

The point may be put forward that we could get business back from the other markets I have mentioned.

As regards the London non-Tariff market, we might get some back, but not much. Moreover, it would not be the same class of business, nor should we get as wide a 'spread of risk.' Further, there are inconveniences.

As regards the Continental Companies, I will only say this:—that, nowadays, it will require (in my experience) a superman to squeeze a really good profit out of them.

We are left with America. Well, some of us know quite a lot about that, but we still hold up our heads, and are even beginning to look cheerful. At the same time, if we have to choose, I think we prefer the General Foreign Treaties of the old-established British Companies.

We arrive at this result, therefore, that the price of our adherence to those Agency Rules today is our mutual reinsurance arrangements with the British Tariff Companies, and it would be foolish to suggest that we do not want those arrangements, because, if we know our business, we do want them.

So, you see, gentlemen, it comes to this, that a number of amiable gentlemen who sit round a table in London (and constitute the Committee of the F. O. C.) (Foreign) have us reasonably tight in a net. All we can say at the moment is that we are wriggling, and shall continue to wriggle.

We hope our friends, the British Offices in London, will appreciate that there is nothing very monstrous about our wriggling, since we are merely striving for the progress of Indian Companies in their own country.

To place themselves in our position, the British Companies must imagine how they would feel if they awakened one morning and found that the bulk of the biggest firms in London had accepted the Agencies

of non-British Companies overnight, and that they (the British Companies) were not in a position to compete adequately for the business, owing to something called an "Agency Rule."

(There is just one other point which should be mentioned, although I am not dealing with the merits of Tariff versus non-Tariff. But we must never forget that other Companies besides Indian Companies, could play at the non-Tariff game.)

(2) My second "reason" as to why Indians do not insure with Indian Companies is—"Ignorance of the principles of insurance and reinsurance."

Undoubtedly, lack of knowledge is a potent factor against us. I will only mention one instance, and I think it is sufficient.

In the course of the peregrinations of the late Indian Insurance Companies Delegation, the Delegation interviewed a body of prominent businessmen. We found that many actually thought that if they insured a property worth say Rs. 50,00,000 with an Indian Company, and the property was totally burnt, the Indian Company would itself bear the loss of the Rs. 50,00,000.

The argument appeared to be as follows, how could the Company pay Rs. 50,00,000, when its Capital was only about Rs. 20,00,000.

This is not a fairy story, it is actual fact. The principles of reinsurance and spread of risk had no place in their consideration of the subject.

It is curious to reflect that they might have applied the same argument to many non-Indian Companies working in India, but this they never thought of. This fact shows something which is akin to 'lack of knowledge' viz., mistrust.

There is a certain amount of mistrust. The remedy for this 'lack of knowledge' and mistrust lies to a very large extent in our own hands.

First, we want propaganda, and again propaganda.

Secondly, we must by steady work and proper insurance practice, pursue our way to success, and thus show the general public the stuff we are made of.

(3) My third "reason"—"*Long-standing connections* with non-Indian Companies." I have met this objection so often, and confess that it strains my patience.

My reply always is :—"But if every Indian held that view practically no Indian concern of any kind could progress in its own country."

It is not for me, however, to deliver a homily on what is called patriotism in a gathering of this kind. By all means let Indians have "long-standing connections," but let them be with Indian Companies.

I sometimes suspect that the phrase "long-standing connection" cloaks a feeling of mistrust, which I have already referred to. Otherwise, it is difficult to understand the logic of it, when national interests are concerned. Here again, we can do a good deal

by propaganda, but a change in the mentality of the general public is also required, so that they will think out for themselves the advantage to the community by the support of national concerns.

(4) My fourth reason is :—"The security offered by the old-established Companies, and their fair dealing."

Here we have to pause a moment and give credit to our competitors,—the British Companies.

I have taken three of the old-established British Companies at random, and not the three largest. The premium income from Fire, Marine and Accident of the three combined exceeds £36,000,000 or Rs. 48,00,00,000. Their Reserves for Fire, Marine and Accident business (exclusive of Capital, but including General Reserves) exceed :—

Company A—£16,000,000 equal to Rs. 21,33,00,000

Company B—£10,300,000 equal to Rs. 13,73,00,000

Company C—£ 7,100,000 equal to Rs. 9,47,00,000

Company C carried forward an amount exceeding £1,500,000 or Rs. 2,00,00,000 at the end of 1926.

These are big amounts, and *they are earning interest all the time*. It is unfortunate for us that our shareholders do not appear to appreciate the importance of reserves. Immediate dividend is all that concerns some of them, they do not look to the future. But, after all, our shareholders have the right of selling their shares if they don't like us, and although

we must always consider our shareholders' interests, I think we have an even bigger duty which must never be lost sight of, namely, the building up of Indian Insurance Companies on a sound foundation.

For this, we must have three words always blazoned before our minds :—

**"BUILD UP RESERVES."**

and underneath that another three words :—

**"RESERVES EARN INTEREST."**

We must give our British friends credit for the security they offer,—I speak of course of the well-known and old-established Companies.

It does not follow that every British Company offers better security than any Indian Company, as some Indians seem to imagine. There are British Companies working in Bombay today which offer less security than some of the Indian Companies; this never seems to occur to any Indian, however.

When dealing with a prospective client who puts forward the plea of "security," it is well to remind him that most of the big Companies have been established for more than a 100 years, and in 100 years there is no reason why the Indian Companies should not show the enormous funds which so appeal to him.

Further, if one could turn back to the Accounts and Balance Sheets of these same old-established Companies when they had been working for only say 7 years, you would probably find that at that time

they were no stronger than the 7 years old Indian Companies of today.

But they still exist, so why this doubt of the newly-established Indian Company.

Moreover, it does not of necessity follow that an old-established Company is a sound one; nor is a newly-established Company necessarily a weak one. After all, there are such things as 'investments' and 'liabilities.'

Now, as to fair dealing. Here again, we must, in my opinion, give full credit to the British Companies; there is not much haggling with a straight client,—they pay the claim. We must emulate this. Note that I said a 'straight client.' If you do not fight a 'crooked client,' you are doing a disservice to the community, for the reason that rates are based on the general experience.

Unfortunately, there is a class of person, he is not peculiar to India, although I think there is quite a large class of him here, who makes an outrageous claim, with complete disregard for values, or the conditions of his Policy. If his claim is not met immediately and without question, he remarks : "This is what happens through insuring with an Indian Company, I shall renew my policy with a British Company again."

With him, we can only use tact, and perseverance.

With regard to this question of fair-dealing, I would like to tell a story. There is I think a certain

amount of injustice towards the British Companies in the minds of some Indians. A well-known Bombay Cotton merchant once said to me: "The British Companies have bled India, look at the rates they have charged and are charging. My reply was, "But if you can secure an extra high price for your cotton, do you turn to your buyer and say "Oh, no, I really couldn't take as much as that."

The British Companies have sold their insurance, and they have taken as much as they could get. Bear in mind, that they have not done it only in India, they have done it all over the world. I think the view that they have bled India is an unjust one. If they have "bled" anyone at all, which is itself a moot point they have "bled" the whole world.

Moreover, think of the happy days when rates were high, commissions low, and competition not keen. Would we gentlemen responsible for running Indian Companies, have any great objection to such a period?

Well, gentlemen, we cannot do away with the security and fair-dealing of the British Offices while they work with us, but we can cope with it :

- (1) By creating more than adequate reserves.
- (2) By emulating their fair dealing.
- (5) My fifth, and last "reason" is comprised in the two magic words "Better terms."

We all know what a multitude of sins, iniquities and lies those words cover, but we will not attempt to deal with the multitude to-day.

The only point I want to bring forward concerns the strange mentality of the Indian who demands

"better terms," before he will transfer his business from a non-Indian to an Indian Company.

Is pride in national institutions to have no place in the Indian mind? For how long will the Indian consider that the progress of his own country should place an *extra* 1 per cent, in his own pocket?

You may think that this attitude is only adopted by "brokers," or the smaller men. It is not so. We recently had a case of a well-known Indian Association. We requested them to consider whether a larger share of the Insurance their Members controlled could not be placed with Indian Companies.

They did not say in so many words, "Yes, if you can do it 5 per cent, cheaper." But it was delicately suggested, and conveyed to us, that if we could do so-and-so for them, then we might have some claim on their assistance.

We had not gone to them to barter, nor had we gone to ask them to do anything which would have increased their cost.

We had merely supplicated for a little more assistance, on equal terms for Indian Companies in India.

Gentlemen, I have finished, and we will end where we began, because it is a good thing for Indians to remember, that the reason,

"Why non-Indian Insurance Companies still hold the Indian market."

is because

"Indians insure with non-Indian Companies."

## Some Aspects of Life Insurance.

BY

**Mr. K. S. RAMCHANDRA IYER,**

Secretary.

**THE JUPITER GENERAL INSURANCE Co., Ltd.**

*Mr. President and Gentlemen,*

I have to thank you very much indeed for the courtesy that has been extended to me. I do not know whether it will be considered somewhat of a presumption on my part to speak on life insurance when I have had really speaking no active interest in that most interesting (but to me a most fascinating) line. My only apology for taking this subject as my theme is that in the first place I have always taken much interest in this line and in the second place, this is the one industry of this country which is now steadily making its presence felt with the people of India in spite of depressions that are taking place in the rest of the industries of this country.

Although life insurance has been in existence for nearly a century, there was nothing remarkable about it until the beginning of this century. Statistics collected by various companies go to prove that even as early as 1900 there was not even one twentieth of the amount of life insurance that is in force to-day.

To take some concrete cases. Beginning with Japan, an essentially Eastern country, where life

insurance is of very recent origin, we find that at the end of 1905, the total amount of life insurance in force was hardly 33 crores of rupees, whereas the latest figures indicate that the Japanese people carry as much as 1000 crores of rupees of life insurance exclusively with Japanese companies and with their own Government. That small but virile country—Canada—whose population is less than 9 millions to-day had not even 100 crores of rupees of life insurance early in the century. To-day Canadian life insurance companies carry as much as 1500 crores of rupees of life insurance in force. Even war-weary Germany after losing practically all her life insurance business during the war has now recovered so rapidly that during the last 8 years her citizens have accumulated 700 crores of rupees of life insurance.

India certainly has not been sitting idle, although her development may not have been as rapid as these go-ahead countries. Yet it must be admitted that she has shown remarkable strides in this one branch. I have for my purposes selected 9 of the larger life insurance companies of this country in order to show how they have progressed during the last 10 years.

The total income of these 9 companies for the year 1916, was Rs. 1,32,66,112 whereas at the end of 1926, the very same companies show an income of Rs. 3,20,06,929. That speaks volumes. And yet, Compared to what other countries have done where does India stand? I shall let the following figures speak for themselves.

<i>Country.</i>	<i>Life Insurance in force.</i>	
	(All in rupees)	
	... 27,000	Crores.
United States.	...	27,000
United Kingdom	...	3,300
Canada	...	1,500
Japan	...	1,000
Germany	...	700
Australia	...	600
Netherland	...	400
Sweden	...	400
France	...	400
Switzerland	...	200
Italy	...	150
Norway	...	150
Denmark	...	150
Brazil, Argentine, Peru, Chilli, & Paraguay	...	150
India	...	63

Beyond the fact that India has the largest population compared to the above countries, there is nothing remarkable about our country in material possessions when we consider the accumulations made by each and every one of the above countries several of which are still far less advanced than India. It cannot be said that Our people are not creating wealth. But the difficulty has always been to get organizations enough to save what is created and life insurance is primarily an organization created for the conserva-

tion, preservation and the perpetuation of what men create with great toil and strife and suffering. It is life insurance which struggles against the world's general disposition to waste to waste life and property. Some one has said that life insurance is a great university where the companies are teaching sound economics and sound politics. Life companies are teaching a doctrine of responsibility and of self-respect and in the heart of every man who is insured is put a good grip on those doctrines. It is not that life companies are merely selling something but it is a fact that they are doing the finest and best service in the world.

The greatness of life insurance lies in its revelation of the value of human life—a real revelation.

In its programme of true democracy based on the dictum that all men are created unequal.

In its solution of the problem: How effectively to relate the brief life of the individual to the continuing life of the race and rob the grave of complete victory.

The following quotations which I have freely taken from the writings of one of the greatest Life Insurance Presidents in the world will put the case of life insurance service better than any one else has done so far. I am myself indebted to President Kingsley of the New York Life Insurance Company for his great courtesy in presenting to me a complete set of all his writings. Much of the information and inspiration

which I have drawn for my purposes in the insurance line have come from this giant. I therefore make no apology in adopting his views.

"Historically Life Insurance seems a recent development. Whether we date its efficient beginning back 50 or 75 years or to the days of Joseph is immaterial. It seems to have sprung up only yesterday and has clearly achieved a glorious to-day. It supplemented the plans of free responsible men and made them almost unbelievably powerful. To vary the simile it is the steel and cement in the fabric of modern life. It binds to-day and to-morrow. It works marvels but no miracles. It is as simple as a straight line."

"Its chief function is it conserves human values and to impress those values with the social power that is peculiar to Life insurance. But it also creates value in that it creates courage; courage is the essence of personality and personality is the source of all values."

"These assets of our companies are the tangible evidence of values, that death would otherwise destroy, that death earlier did destroy."

"Socially, Life Insurance teaches that human Life is the first value, the great value, the only real value. No other social system teaches that."

"Politically it advocates true equality, the equality that man pays for, the equality that does not rob another."

Life Insurance in effect says: "You cannot attain real happiness by pursuing an abstraction, you must

have a plan, a plan that exalts life and defeats death." That is just what Life Insurance does.

"It is the most human of all human institutions. Its assets are human values accumulated in order to keep the faith, to keep the social contract from breaking down; its outstanding insurance is a concrete expression of human dreams: dreams that will come true."

"It has indeed moved on the face of the waters. It is ending social chaos and darkness. It has even kindled a political torch which burns steadily."

In its majestic proportions, in its cumulative service, in its prophetic atmosphere, it is the modern response to the same voice that the Hebrews recorded 6,000 years ago saying.

"Let there be Light and there was Light.  
And there is Light.  
Life Insurance is Light."

—:o:—

## Fair and Unfair Competition of Insurance Companies in India

BY

**Mr. S. KABBOOR, B. A., F. S. S. (London).**

**Assistant Manager.**

**THE GENERAL ASSURANCE SOCIETY Ltd., AJMER.**

*Mr. President and gentlemen,*

The building of a Life Insurance Company, or the great fabric of Life Insurance, as exemplified in many standard Companies, is an interesting study. With a large army of agents gathering clients and premiums from every city, hamlet and countryside, there are created small rivulets, streams and rivers of liquid capital, flowing into a mighty Ocean of never evaporating funds, which are redistributed whenever and wherever most needed.

Even in times of extreme panic, when other financial institutions- Banks etc., have been compelled to lie down, Life Insurance assets have remained liquidable. Some of the small rivulets ceased to exist, because of the financial drought, but the big streams and rivers of Life Insurance never ceased to flow.

There are ample statistics and figures to prove the assertion that Insurance business is only in its infancy, and that the amount of protection actually carried by the people in India to-day is totally inadequate.

The Life Insurance business is conspicuous in contrasts. It is the most important thing to the people and yet they know the least about it. It is the most scientific business in the world, with very unscientific men and methods in the producing end. It is a veritable fairyland for the imaginative mind in its ramifying opportunities for constructive service and personal development. Yet one must go through the darkest, coldest dungeon of despair and privation to attain mastery.

It has the most enticing allurements for the really successful on the gilded side; yet the average agent is a financial failure, and a greatly preponderating number of those, who take to the work, never attain any reasonable success but stray into other pastures. As an institution for systematic thrift as a means of preventing want and pauperism, as a medium of safeguarding the home and oldage, as an equilising force in business, and as a leveller of human affairs, sound Life Insurance stands as a great bulwark to man-kind.

It is quite usual that a business of such ramifying importance in its economic and beneficent value to the public should be looked upon with so much prejudice and be so generally shunned as a vocation. This bias has not materially lessened in recent years, but on the otherhand it seems to be on increase, although without any fundamental reason. It is unfortunate that those at the Head Offices and in the field who dealt with the public in the early stages before the passing of the Insurance Act in India,

did not themselves have a clear idea of the true significance and magnitude of the business, and did not dress their presentation of the subject in a more attractive manner from a human and economic stand point. Much of the prejudice and aloofness towards Life Insurance and its agents would never have existed had a broader and saner presentation been made to the public from the start, and a more efficient and scientific method of appointing and training agents been practised.

Again the lack of a drastic, uniform State Law for the incorporation and control of companies and agents, in the early period, has resulted in much spuriousness and exploitation to aggravate anti-public opinion.

Even with all these handicaps, the business has grown in value enormously and the public are beginning to have a better understanding and appreciation of its benefits to them.

To those who are ambitious for promotion and place, Life Insurance offers great inducements. The companies in India, as I see them today, are actually hungry for real, capable men to fill responsible positions. The comparative newness of the business, in its larger aspect, as practised in India has created a shortage of individuals, who can join production with executive ability, and for them the opportunity is ample and greater in fact, than those in any other field not requiring large capital.

The existing laws for appointing, and the practice of Companies and Managers in selecting, agents, have

permitted an undue number of agents who are unfitted, in mental equipment and training, to engage in the business.

Incidental to these requirements is the fact that a standardised representative is one who has embraced the Life Insurance business, specialising in that one vocation. He is one who serves an apprenticeship and builds, by study and hard work, to the heights of knowledge and experience where he will be equipped to guide and serve each individual for the latter's best interests, considered absolutely and in relation to principles of economics. Further more there is great need and abundant opportunity for substituting the standardised representatives for the poor and indifferent lot newly engaged in the work. It is a business where personality counts,—personality, with gentlemanly enthusiasm outside, and quick discernment of human nature plus conviction inside.

One of the greatest difficulties with the younger generation, specially with college graduates is a too impatient and arrogant attitude towards doing the work as an apprentice and unwillingness to work and to wait a sufficient length of time for advancement. Hundreds of young men, who are making a very scanty living in various other lines of work, have the inherent qualities of successful agents and all they lack is thorough preparation and enough confidence in their own ability to make an earnest start.

The worst thing in India to-day, as has been in the past, is unfair competition, which is the most vicious thing in our business. This is the chief reason why the

public still retain doubts and fears in thinking of Life Insurance and its agents.

I think I would be failing in my duty if I hesitated to bring to the notice of this august body forming the First Insurance Conference, the behaviour of one or two very responsible officers and representatives of a most leading office. One of them misrepresented to the public by setting up a rumour that the "X" Company sustained a very heavy loss of a lakh of rupees by the death of a policy-holder. At that time the said company had never issued any such policy for a lakh of Rupees. In spite of this fact being mentioned in the annual reports of the company, that representative who should have realised his responsibilities made an astounding exhibition of himself and of his sense of propriety and misguided the public wilfully just to make this a small plea and foundation to secure a few cases for his company !

Similarly another " Responsible " representative of a particular office made a public statement in a certain place the other day, by showing the highest Bonus declaration of another company, saying that Actuaries can be purchased and made to produce any kind of Bonus result. He did not quite realise what he was saying. He little knew that by making such a random declaration he was endangering his own position but what is more important the reputation of the concern he so poorly represented. It is needless to enumerate several such instances of the kind on this occasion. Suffice it to say that most of us present here are familiar with such unfair statements.

It may not be out of place to bring within the cognizance of this Conference the pernicious practice with certain companies of allowing heavy rebates *directly* to the policy holders. This bad practice leads to unfair competition with its attendant evils. This must be put a stop to unanimously.

It is a great pity that a number of irresponsible representatives and agents of this kind, to whatever company attached, who indulge in this disgusting habit of running down other companies, are daily increasing owing to unfair competition. Incompetent and mischievous agents of this type should be literally weeded out of the business. It is men of this character who misinterpret the noble objects of leading life offices in India and mislead the public and often drag respectable companies into law-courts against their will. The irresponsible act of one or two might bring reproach on one's fellow workers and the progress may be made to suffer.

Every agent therefore ought to try to do *constructive* work and should never attempt to bring down the name of *Insurance*.

It was a great calamity for Insurance Companies in India until this day, that they never came forward to meet together in a friendly spirit and adopt measures to eradicate agents who obtained business in such a manner as to bring discredit on themselves and the companies they are attached to. Agents who wilfully misrepresent the work or position of other companies should be discarded by all of us. It would be a good

lesson in discipline if discarded and dismissed agents are never taken into the service of other companies. Unless in all seriousness a resolution is passed to this effect, I would not consider that this Conference has brought about any good to agents in general and Insurance Companies in particular.

The dishonest agent who speaks in an irresponsible manner about insurance business for which he is angling is a curse to the business world. All companies by united efforts should inculcate in the minds of their agents that misrepresentation is a despicable thing and it ought to be discarded as a business rule. This is the only way of effectively putting down misrepresentation in our business.

It must not be forgotten that the worth of an office is not determined solely by the funds at its disposal, but rather by the character of its representatives. It is easy to imagine that even a wealthy office whose agents are largely composed of unscrupulous men, would soon be ruined. The demand of the public to-day is "Give us men of character who are fair and square in all their dealings." How can we achieve this object unless Insurance Companies co-operate with each other in a friendly way and put down such undesirable agents by framing proper rules and regulations for their conduct and circulate the names of such irresponsible agents who do immense harm to the Insurance business generally.

I believe in Life Insurance as a vocation, not passively, but with a burning intensity. It is not,

however, a job for a light-weight or shirker. Any one who desires to enter the Life Insurance business should study the situation carefully and pick up the gauntlet only after he feels equal to this great work of conservation.

It calls for superior ability in the discernment of human nature, backed by industry and intensive power to sway people to harmonious action. Without these, continuous and cumulative success is impossible. Constructive salesmanship in Life Insurance business necessitates the cultivation of the idea and practice of selling one's brains by a sagacious method of approach and publicity, just as a lawyer and doctor employs in building a successfull practice in their profession.

In my opinion the real Insurance man is one part talk and nine-part judgment and he uses the nine-parts of judgment to tell when to use the one-part of talk.

The truism cannot be often told that the salesman should know his own goods ( i. e. the advantages of his own company) thoroughly, and those of his competitors as well. It is quite important however, that he should learn the art of creating sales by playing up the strong points of his own company.

The way to be positive is to be positive and not to be negative. Tearing down or traducing, is bound to be negative. Even where actual comparisons are to be made by the use of legitimate adroitness the negative existing on the opposite side can be shown by a strong playing up of the positive or superior qualities of one's own article. Healthy competition on these

lines would assist the building up of a great National cause on the firm bed-rock of rational insurance.

It is necessary in organisation building to have agents that is the main purpose of the agency manager. Selecting men therefore, is the all important thing because they not only build the business but are the ones who are nearest the public, to protect and give them service. The greatest test of ability in an agency manager is not the man himself but the men with whom he is able to surround himself.

If the secret of selecting men were known and could be copyrighted and sold, the possessors of the secret would have John D. Rochfeller and Copper King Clarke look like door-step beggars. It is not knowing whom to hire and whom to fire and when to hire and when to fire, that is the cause of great worriment not only in the Life Insurance business but also in every other line.

If the agency manager has really earned his job, he must be a very good judge of human nature, up to a certain point. He knows by liberal kowledge and of psychology, and the limited knowledge and use of phrenology, how to size up men. As to their immediate thought and dispositions he is an adept, but he has not acquired occult power which will enable him to look forward to next week, next month, next year, or the year after, and know with any degree of certainty, what will then be the "mind incline" of an individual.

**NOTE** An organisation should be so departmentized that no class of people from the common labourer to the skilled artisan, from the humble clerk to the general manager or leading professional men will be neglected.

Department heads should of course be selected because of their experience by familiarity in real life or in insurance work with the class of people towards whom their activities will be directed.

Departmentizing is comparatively new in agency building, but, in service to the public and in training of agents, is successful wherever tried and is sure to be incorporated more and more with each advancing year.

That the chief function and the all important one to the insured, is the selection of his agent by the same standard employed in choosing a lawyer or doctor. Success is not just eating three meals a day, paying one's debts, joining a Church or amassing fortune. It is so doing and living in beautifying the immediate task, and in touching other souls, and lives, with sunshine and inspired endeavour, as will make them enlist in a mighty army of sincere, earnest, capable workers, for that better day when greed, squalor and cruel aggrandisement shall have for ever perished from the earth. "Happy is the man who has found his work" says Carlyle. But I say "Happy is the Insurance man who has to work, and to work hard and work long."

Mr. President and gentlemen, a word more and I am finished. It must be acknowledged that there are

a few very competent and faithful workers in the field of insurance. But there is a general feeling among insurance representatives that such capable workers are being sent away on some plea or other by the Insurance Companies, after they have done a great amount of spade work in building up the company's work in unrepresented parts. If this feeling is allowed to grow without early checking and nipping in the bud, it is likely to do more harm than good to the Insurance Companies in India. I also understand that due to this reason, many competent and capable young men who are mentally and physically fitted to our line, hesitate to enter the Agency corps of this great humanitarian work. This is a point of supreme importance which deserves the immediate attention of all of us present here to make the service more attractive and secure, in Insurance Companies in general and individual companies in particular.

of and popularise the growth of Life Insurance among the people and safeguard the interests of the indigenous Life Insurance Companies and also of the public. Further more I wish merely to indicate the salient points to which attention must be directed by all men interested in the development of Life Insurance Companies in India. You will, therefore, see that my object is not only limited but my idea is merely to indicate the points rather than exhaustively deal with them.

The first point to consider is the extent to which there should be Government control and supervision of the Insurance Companies. In this matter there is a distinct conflict of ideals between the British system and the American and the Canadian systems. It would be necessary for us before we tackle this subject to get a clear idea as to which of these two systems will, in the long run, be beneficial to India considering the peculiar circumstances prevailing in India with regard to Insurance in general. The Government of India itself being British entirely has got a natural tendency to follow the British traditions, the essentials of which are the least amount of Government control and the greatest scope for the play of public opinion. The Englishman by nature and traditions has got an intense aversion to the interference of Government in business affairs whether public or private. He does not like that there should be a large number of regulations governing conduct of his business. He considers that the public is quite intelligent enough to guard its own interests and no molly-coddling by the Govern-

## **Insurance Legislations**

BY

**PANDIT K. SANTANAM.**

OF

THE LAKSHMI INSURANCE CO., LTD.

Gentlemen,

The subject that I have taken up, Insurance Legislation, is a very big subject and to exhaustively deal with it will take much more time and space than is available in a paper to be read before this Conference. I, therefore, think it necessary to indicate at the very commencement the few aspects of it which I have proposed to deal with.

You are all aware that the Life Insurance Companies Act is going to be revised and Draft Bills had already been circulated for opinion last year. At the present moment there is no Act governing the Insurance Companies which do other kinds of business than Life Insurance. The intention of the Government of India is to bring in an Act to cover all Insurance Companies and not merely the Life Insurance Companies as has been the case hitherto. This is a step in the right direction and it is none too early that it has been taken. I, however, propose to confine my remarks only to the provisions relating to the Life Insurance Companies as that is the only subject I have studied. I do not feel myself competent to deal with the other branches of Insurance. Even as regards Life Insurance what I wish to touch upon is the question relating to how far Legislative enactments can help to spread

ment is necessary in the interests of the public. If the public or any member of it is fool enough not to know what is best for him he deserves to suffer for it. The Government should not interfere in such matters except to the minimum extent necessary and only for the purpose of ensuring that the standard of business morality which has been built up in the country is kept up in the carrying out of a business concern.

On the other hand the case in America and Canada is quite different especially in the Insurance field. The lead in this respect has been given by the United States of America and Canada seems to have followed in its footsteps. Both in America and in Canada the regulations governing the Insurance Companies are so elaborate and the control exercised by Government Officers so great that the underlying idea appears to be to guard the public in all possible ways on the assumption that the public cannot look after its own interests sufficiently. There are regulations framed for Government audit, for Government inspection, rules laid down for the method of investment and even power given to disallow schemes of insurance which may not be considered beneficial to the public at large and several others too numerous to mention here. Whatever might be said against this there is this remarkable fact to be kept in mind that these two countries are the places where insurances have developed to an extraordinarily large extent and which lead the world not only in the total volume of business but even comparatively to the population. As far as I can gather the figures of total insurance in force for the several countries of the world are as follows :—

United States	\$ 63,779,741,000
Great Britain	... 9,537,059,000
Canada	... 3,285,028,000
Japan	... 2,404,762,000
Australia	... 1,708,382,000
Netherlands	... 961,262,000
Sweden	... 864,107,000
Germany	... 713,746,000
France	... 701,855,000
Brazil	... 426,997,000
Switzerland	... 397,806,000
Denmark	... 392,547,000
Norway	... 392,111,000
Italy	... 337,471,000

Judging from the results it appears that this excessive interference of Government in the management of Life Insurance Companies does not seem to have in any way militated against the popularity of insurance amongst the people. There is no denying the fact that the public in both these countries are educated enough to be quite alive to their own interests and if left to themselves will look after them no less efficiently than the English public would do. Still the Government interference appears to have been welcomed by the people as an additional safeguard and has contributed not a little to the growth of the huge volume of business. I am informed that even in India some of the agents of the Canadian companies

doing business here have represented that the solvency of the Companies which they represented is guaranteed by the Canadian Government, which is not really true, but the result has been that the public they have been approaching have felt reassured and have been persuaded to patronize the Companies more readily than they would have otherwise done.

With these few remarks about the two systems I would like you to consider which will be more appropriate for application to India. The Draft Bill circulated proceeds entirely on the English lines but from the criticisms that were offered to it by different companies and by different commercial bodies it appears that the general trend of public opinion in India seems to be that this amount of control is insufficient and ought to be enlarged. I personally am not by temperament in favour of arming the Government with too much power which is likely to be misused in the present circumstances in India. It is a fact patent to all of us that the Government managed departments like the Post Office, the Railways and some industries have not been the success that they could have been. There is no doubt that private management with private initiative could have achieved better results at much less cost than the management by the State. I am, therefore, not enamoured of the idea of excessive interference by the Government in the management of the Indian Life Insurance Companies. At the same time we cannot lose sight of the fact that industrially India is not very much advanced, that being a predominantly agricultural country it has

not yet accustomed itself to the new modern industrial conditions ; that the people are mostly illiterate and uneducated and that no efficient and strong public opinion has been formed throughout the country. Further insurance on a large scale and on modern lines is a novelty to the people and in 95 per cent of the cases the prospects are not in a position to decide for themselves as to the best course that they ought to adopt. Life Insurance has not become popular to the extent that one could desire and even the business that is written now a days is done more by compulsion of the field workers than voluntarily by the people. The necessity of Life Insurance under modern industrial conditions is not grasped and many of the persons who take policies do it more as a personal obligation to the agents who approach them. Very often they do not enquire into the standing of the company with whose representatives they are dealing. The personal factor in canvassing is so predominant that every thing else fades into insignificance. Even after once insuring, the people are careless enough to let the policies lapse very often through sheer carelessness and negligence. Many other factors could be adduced to show that the public at large is generally apathetic to the idea of Life Insurance, not to say anything of the prejudice that very strongly exists in very many quarters. Considering all these factors it is a matter for serious thought whether we can proceed on the assumption that the public will be able to take care of itself. Any impartial observer would have no hesitation in laying it down as an incontestable proposition that the public in India even the educated

portion of it at the present day does not as a rule watch after its interests carefully either through incompetence or disinclination. In my opinion a more strict and vigilant control by the State becomes imperative in India than is the case in England and the Draft Bill which was circulated last year for opinion has to be considerably modified in very many particulars.

It may well be asked why should the State concern itself with looking after the public in this manner with regard to Insurance when it does not do it with regard to other kinds of business. It is a legitimate question and I believe it must be answered satisfactorily before any case can be made out at all for stricter State control. The Indian Companies Act provides certain regulations which public companies doing business of any kind whatever have to observe. The trade of a country is the bed-rock on which the prosperity of any State is built of and all countries have realised the importance of this with the result that they have considered it necessary to ensure certain publicity and certain periodical checks on corporations which do business with public capital but in the management of which the public are precluded from having an intimate voice. My plea is that something more than this is necessary in the case of Insurance Companies. Life Insurance Companies are credit institutions, in even a greater degree than the Banks and the huge accumulations of capital in these companies are not only an index of the prosperity of the nation but also of the habits of thrift and economy among the people at large and if they are not carefully

watched by the State, the ensuing crash might very well affect the well being of the whole nation. The growth of Life Insurance is synonymous with and indicative of the margin between the earning power of the nation and its expenses on its bare necessities. It is also a very good index of the standard of living of the people and their capacity to think and provide for the future and not only for the present. Only those nations are truly prosperous which produce more than they consume. The condition of a country which lives from hand to mouth is a very precarious one and will lead to acute crises time and again. As the Life Insurance Companies are the guardians of the surplus wealth of the community it is only just and fair that the State should take care to see that the affairs of these companies are conducted in such a manner that unscrupulous and fraudulent persons will not have the chance of playing ducks and drakes with the hard earned savings of the community at large. Look at the early history of the Life Assurance Companies in England. As one writer summarises is:—

"For half a century the floating of life offices had been a remunerative field for the activities of promoters. Owing to the nature of the business and to the absence of supervision, there was perhaps no form of enterprise which at the time offered more attraction to those desiring to become rich quickly, for during the earlier years after establishment the principal function of an office is to collect premiums and by the time claims begin to mature the promoters

have in many cases parted with their interests in the office and have secured a handsome profit."

The failure of one company due to fraudulent management may very likely have such a phenomenal reprecussion on the credit of the country that it might set back the hands of progress for decades to come. A private business of any other kind which fails whether through fraud or incompetency will hardly have any effect even on the people who are doing business of the same kind in the same locality or elsewhere. But it is not the case with the Banks and in a much larger degree with the Life Insurance Companies. The arguments put forward in this connection are so obvious that I do not think it is necessary for me to dilate any further on the essential difference between the credit institutions and others and specially on the importance of the Life Insurance Companies as the premier credit institutions of any country whatever.

I, therefore, wish to bring it to your notice that in future legislation for India regarding Life Insurance Companies, the policy of laissezfaire adopted by England will certainly not do. Whether we should have the same amount of control and supervision as in America and Canada is a different point altogether. This much is certain that we must insist on a greater degree of control than is considered sufficient for England.

The problem in India is further complicated by the fact that the foreign insurance companies have got

a strong foothold in the country and the indigenous companies have to meet with very strong competition if they wish to establish themselves at all. In all other countries which are self-governing this factor of foreign competition with regard to insurance is negligible not only because those countries have fairly highly developed insurance institutions of their own but because being National Governments they have no hesitation in passing such legislation as they consider necessary from time to time to eliminate the foreign competition. In India the Government is foreign. Further the foreign companies came first in the field and Indian companies were started long after. This in itself is a great handicap and can only be removed by very strong and drastic action by the Government in the interests of the indigenous concerns ; but unfortunately for us the Government not being a National one, it is only human nature if it is not disposed to take all the necessary action against their own countrymen, as the interests of India and the Indian Insurance Companies demand. It, therefore, becomes necessary for us to take such concerted action as would force the hands of the Government to take all the steps that may be necessary to protect our interests and the interests of the country whether they are naturally inclined to do so or not. There is nothing strange in this as even England which is so highly advanced industrially has no hesitation in appealing to the people on every available occasion for the support of home industries and they have even begun to introduce the policy of protection whenever necessary. My contention is that no foreign Government, however, well

intentioned it might be can fully realize the interests of the country it governs as a National one can do.

If you agree with me in the remarks I have made you will admit that the provisions in the Draft Bill circulated by the Government are entirely inadequate. Since that Bill was circulated there has been an exhaustive enquiry in England by a Committee of experts whose report has been published. They have made a good many recommendations covering a fairly wide field. I do not wish to go into details of this report but I only wish to remark here that all the changes that they have made even if copied here will still be inadequate for our purposes.

One great omission from our point of view is that there is no provision at all made for dealing with competition by foreign companies and taking steps to eliminate their predominance in the country. This is naturally due to the fact that the foreign business in England is very small. We, however, in India are confronted at every turn with the difficulty of coping with this foreign competition. In the Life Insurance field a good deal has already been achieved but in the Fire and other General Insurance the Indian Companies are nowhere at all. I, therefore, wish to put in a strong plea for some drastic legislation to be introduced by which not only the favourable conditions that exist for the foreign exploiters should be curtailed but some advantages should be given to the indigenous concerns to push on their work. What I am suggesting is nothing new at all if considered from the patriotic point of view. Most of the countries of the

world have taken steps of a very extreme character to eliminate foreign competition. I here quote to you a passage from a speech made recently by Mr. K. S. R. Iyer.

"When the insuring public of each country began to support their own companies, Government on their part, passed necessary legislation favourable to local Companies even at the risk of harming foreign interests. In this way Sweden has been able to confine practically its home business to its home companies, and for the 52 millions of fire premium, the share of the foreign companies hardly came to 9 millions. The French companies are so powerful that in their own field, they are unrivaled. In all Treaty agreements they insist upon a clause preventing foreign companies opening up office in France for direct business during the currency of the agreement. Germany is so careful in retaining all the insurance premium to herself that she makes it a condition in all trade agreements that insurance should be with German Companies. Brazil has passed such strict laws under which it has become impossible for any foreign insurance company to enter that tiny country. Argentine has not been slow in protecting her companies and stricter laws have been passed which adversely affect all foreign companies. Turkey has gone a step further in protecting her national concerns that foreign insurance companies

have automatically ceased to do any business. Spain has passed laws in regard to taxing foreign companies that the latter are assessed on the profits of their entire business instead of on Spanish business. That wonderful neighbour of ours—Japan—has developed her insurance business in such a remarkable manner that to-day 50 Japanese Fire insurance companies control all the fire insurance business of Japan.

Recently a Bill has been introduced in the New York Legislature which runs as follows :—

"No insurance corporation organized and existing under the government or laws of any country outside the United States, and now or hereafter authorised to transact the business of insurance in this State, shall underwrite any risk or insure or reinsure any property owned, operated or under the control of the State of New York or owned or operated or under the control of any country, city town or Village of the State. A violation of this section by any such corporation shall be grounds for the revocation of any certificate of authority theretofore granted by the superintendent".

You will see, therefore, that even countries which are very much advanced in the Insurance line do not hesitate to take all the steps necessary to keep the country's money in the country itself. No-doubt

England has not gone out of its way to introduce any discriminatory legislation but that is due to the fact that the English Companies which were started long ago feel so secure that they do not require any protective legislation. I am of opinion that unless very strong measures are taken it would be a very very long time indeed before public opinion can be so cultivated as to enable the Indian Companies to cope successfully with their foreign rivals.

I will now deal with a few points which I think are essential to be incorporated in any new legislation that might be brought forward. As I do not wish this paper to be too long I will merely indicate the points leaving it to you all to elaborate the arguments thereon.

1. An Insurance Department of the Government of India should be created with strong powers of inspection and control over the Life Insurance in India. The Government Actuary at the present day has practically no powers at all. It is necessary that if he is to be at the Head of the Insurance Department he should be given much wider powers. Right of inspection whenever he might think necessary, the right to enforce penalties in case companies are not conforming to the regulations made, the power to examine the basis of valuation and such other disciplinary measures as may be necessary to ensure the sound working of the companies. It may also be necessary to appoint Commissioners of Insurance in various provinces with power to decide disputed claims and enforce the payment of claims where they

are long delayed, and give valid discharges to the companies. If insurance is to become popular in India it is necessary that the public should come to know that there wont be any delay in the payment of a claim when it becomes due.

2. All foreign Life Insurance Companies working in India should be obliged to give separate returns of their Indian business and submit separate Revenue accounts of their Indian business with a view that the public might be in a position to judge whether these companies are working on economic lines in India. I am told on reliable authority that some of the foreign companies are so anxious to capture the field in India that they are willing to incur very high rate of expenses as regards the Indian business though their expenses in their Home Countries are comparatively much lower. This action of theirs has made it very difficult for the Indian companies to carry on the work on economic lines. If separate returns of Indian business were submitted by the foreign companies the Indian public would be in a position to judge the policy underlying the action of these foreign concerns.

3. A further safeguard should be provided by requiring that adequate provision is made for the safety of the Indian Policyholders and that adequate funds are invested in the country so as to prevent the continuous drain that goes on in the shape of premiums to companies having their offices in other countries. This will be nothing new as several countries have adopted a similar procedure. In the United States of America, the different States of the Union have

laws to this effect even as regards other States in the Union itself. This is the only method by which the exploitation by foreign companies can be effectively put an end to and the interests of the Indians safeguarded.

4. The Indian Government can materially help the Indian companies especially in the matter of Fire, Marine and other insurances by requiring local bodies like Municipal Corporations, Port Trusts etc. to insure with Indian companies only. I have already mentioned to you a piece of legislation which has been introduced in the New York Legislature preventing foreign companies from insuring the Corporation buildings. There is no reason at all why a similar course should not be adopted, drastic though it might be, to help the indigenous concerns in their unequal struggle with the foreign companies. The only question is whether the present Government which has got an outlook different from those of the Indians themselves would be prepared to go to this extent. Our duty, however, is clear and we must press for it with all the force at our command.

5. The question of rebate especially in Life Insurance is becoming more and more a serious matter. In America the giving of rebate has been prohibited by Statute and any person contravening the provision is liable to a heavy fine. It is the experience of the Indian Insurance Companies that this pernicious system is coming more and more into vogue in India and it is time to consider whether it should not be stopped by legislation. The rebates may be given by the agents

but in the last resort they fall on the companies themselves with the result that the expense ratio of the company naturally goes up. In framing the tables no Insurance Company makes any provision for such rebates to be given or for the consequent enhancement of the rates of commission to the agents to enable them to give these rebates. It, therefore, becomes all the more necessary that this practice should be put down by voluntary action among the companies themselves if possible and if not by legislation.

These are some of the broad points on which the Indian Insurance companies should concentrate their attention. There are many others which deserve consideration. I do not, however propose to deal with them here, as I do not want to occupy your time much long. Before concluding I wish to place before you a few points on which legislation may be necessary if Life Insurance is to be made more popular than it is among the people.

1. I have already mentioned that a Commissioner should be appointed with power to deal with claims so that the insuring public might not fear that after their death a lot of trouble will be given to the beneficiary. There is no denying the fact that there is an impression abroad that there are too many obstacles put when the claim becomes due. If this impression is removed and if facilities are provided both to the offices and the claimants by which time, trouble and expense might be saved, Life Insurance would become much more popular with the people. The present practice of requiring a Succession Certificate in case of intestacy

is a very great hardship on the majority of Policy Holders whose policies do not go beyond one thousand Rupees. The Government has nodoubt tried to ease the situation by empowering the Administrator General to deal with such cases but without going into details I might mention that it would be much more satisfactory if Insurance Commissioners when appointed are given these powers in preference to the Administrator General in the Provinces.

2. The Law of Succession to Insurance money must be made uniform throughout India irrespective of the personal law governing the party who insures. I do not think any legislation in this behalf would be seriously objected to by any body in India. In the case of Joint Hindu Families there is a good deal of uncertainty as to who the beneficiaries are and this militates against the spread of insurance to the extent to which it would otherwise do. If it were to be declared that whatever the source from which the premiums come the Insurance policy is a personal asset of the person who takes out the policy and that it will go to whomever he nominates as his beneficiary, this will be of immense advantage in popularising Life Insurance among the people.

As a corollary to what I have said above it also becomes necessary that the law of Assignment and Nomination should be changed in material particulars. At the present moment a person can assign his policy and if the assigment is registered with the company the assignee becomes entitled to the money as soon as the claim arises by death. It is, however, the

experience of many Indian companies that inspite of the obvious advantages people are not willing to assign their policies for the very valid reason namely that once the assignment is made it cannot be revoked if the assignee who may be a son or daughter or any other relation happens to displease the assignor. A person does not wish to bind himself in this manner. If on the contrary he merely nominates a person this nomination has no legal value whatever and the companies find that they cannot pay their monies to the nominees and secure a valid discharge from their obligations I, therefore, suggest that it should be made a law that the person insuring can nominate any person as beneficiary and the companies will be protected if they pay the money to the nominee without any other formality. Further the Policy Holder must have the right of changing his nominee at his discretion. This will be of immense help to all the parties concerned and the complaints so frequent now a days of delay in the payment of claims will vanish in most cases.

3. The licensing of agents is another problem to which our attention can be usefully directed. Life Insurance business is becoming more and more a fine art and with the lapse of time the personal factor in canvassing will become less and less and only an able canvassor would be able to produce good results. If agents were to be licensed, the immediate effect will be that the standard of conduct among the agents will become appreciably higher than it is today when there are all sorts of amateurs in the field and some of whom are unscrupulous in their methods of can-

vassing. Disciplinary control over the agents will become easier and the public would have less cause of complaint against any misrepresentation by the agents. Once a large body of expert agents is created by this method of licensing it will become easy for the insurance companies to give quite a number of facilities to the Policy Holders which would go ultimately to minimise the cost of insurance and practically eliminate all the troubles that exist today between the policy-holders of the company. Here again the English system seems to be entirely different to that prevailing in most other countries but the advantage seems to lie with the system of licenses which are to be periodically renewed and which are liable to be forfeited in case of misconduct.

There are a few other points on which an authoritative pronouncement by Statute will put an end to a lot of litigation which is irksome both to the people at large and to the companies concerned. For instance the question of insurable interest and the rights of creditors to insurance money when the policy has been assigned. On both these questions there is a good deal of doubt and the law on the subject is contained in a series of rulings which sometimes are contradictory. Both these points in English law do not form the subject of statute but are parts of the Common Law. But now a days the tendency even in England is to codify the existing law wherever practicable and feasible and I think that this applies with greater force to India where the whole subject of insurance in this present form is quite a novelty. I, therefore,

suggest that the law should define clearly what an insurable interest is and also the rights of creditors to insurance money in case of the bankruptcy of the policyholders.

Another point of outstanding interest is the question of the voice to be given to the policyholders in the management of the Life Insurance Companies. At the present moment some of the companies have many provisions for having one or two Directors on the Board from among the Policyholders while in the other companies the share-holders are all in all. It is well-known that the share capital of a life insurance company becomes a negligible factor as time goes on and the amount of Life Insurance Fund becomes hundreds of times greater than the amount of paid-up-capital. Under such circumstances it becomes only right and fair that the policyholders should be given a certain recognized status in the management of the company's affairs. There is a good deal to be said for and against giving a predominant office to the policy holders after a certain stage but I think, to start with, after the first two or three years of the company's existence the Policyholders must be directly represented in the management even though they may not have the majority. I think most of the people concerned with the management of the Life Insurance Companies will agree with me that where there has been provision made for the appointment of Policyholders' Directors there has been greater confidence infused into the public mind. The greater the confidence the greater is bound to be the vogue of insurance amongst people,

I will conclude my remarks here and not take up any more of your time. As I said at the beginning my object was not to deal with all the possible aspects but only draw your attention to the few points which I considered most important. A good many other suggestions can be made and will be made when the time comes to consider any proposed legislation. I, however, think that before any legislation at all is introduced in India we should have a committee of enquiry which should examine all persons interested in insurance and experts in the business side of it. The commissioners might draw all the benefits they can from the conclusions of the English Committee of Enquiry but there is no doubt that considerable modifications will have to be made as regards India. I have throughout asked for a much stricter control than what prevails in England. There may be a divergence of opinion in this matter but at the same time I will merely quote one paragraph from the Insurance Journal called "The Policy" about the Canadian Act.

"It will be seen from the foregoing extracts that the Insurance Act of Canada amply protects the public by the strictest kind of supervision of the Canadian companies which makes it impossible for a company in poor financial shape to continue in business unless conditions are remedied. As a result Canadian Life Assurance Companies are eminently sound and reliable. And hence it comes about that no policy holder has ever lost a penny through failure of a company licensed by the Dominion Government."

**Organisation and some other Problems of  
Medical Department of a Life Insurance  
Company in India**

BY

**ABRAHAM S. ERULKAR, M. D., (London)**

B. S., L. R. C. F., M. R. C. S., F. C. P.

*Mr. President and gentlemen,*

**MEDICINE AND LIFE INSURANCE :—**

I appreciate the compliment paid to me when your Reception Committee invited me to speak to you about the organisation and some other problems of Medical Departments of our Life Insurance Coys. The choice of this subject is one of the many proofs that your Conference is keen on developing Life Insurance in India in all its aspects. Medicine and Lite Insurance have been closely connected. Indeed, each has contributed to the progress of the other. On the medical side we have learnt a great deal about the prognostic importance of various disease conditions, the influe of body build on the incidence of disease, the incidence of differnt diseases in various occupations, the significance of variations of blood pressure, to mention a few

instances. On the other hand, medicine has contributed and will contribute much to the progress of the social scienc of life insurance. You are aware that modern life insurance is based on three factors:—

- (1) The official returns of births and deaths.
- (2) Census.
- (3) The prospective value of capital at compound interest of these the first almost entirely and the second partly depend on medical data. The selection of healthy lives and the exclusion of impaired lives depends on the recommendations and rejections of your medical departments. Every advance in medicine and most particularly preventive medicine, has much influence on the progress of the life insurance. Such close relationship between medicine and life insurance is natural since medicine is the noblest of professions and life insurance is the most beneficent of our social sciences. This close relationship between medicine and life insurance has developed in less than three-quarters of a century, because it is interesting to note that prior to 1860 there were no medical examiners for life insurance.

**CHIEF MEDICAL OFFICERS & MEDICAL  
EXAMINERS**

The Medical department of an insurance Coy. in India consists of a Chief Medical Officer or medical referee at the Head Office and Medical examiners

wherever life insurance business is canvassed by the Agents. The former revises the confidential medical reports sent by the examiners and recommends to the Directors the acceptance or rejection of the insurance applications, or the modifications of the plans or the terms of insurance. I am afraid sufficient care is not taken in the selection of medical referees and the examiners. The Chief medical officer of a life insurance office should be a physician of ability usually holding a hospital appointment. He should have not only a wide knowledge of his profession, but he should be well versed in the medical aspects of life insurance and in statistical science. He must work in close co-operation with the Managing Director or the Manager of the Coy and actuary. Medical examiners have been described as the eyes of the Insurance Coy. But they should not be the eyes of the Agent. This may often happen when examiners are chosen, as they are chosen in India, on the recommendation of the local agents and no limit is fixed to the number of the examiners at each centre. There is a very dangerous impression that any doctor will do for life insurance examination. The local agent selects the doctor and he is appointed by the Head Office. The medical examiners must be absolutely independent of the Agent. He should not be related to the Agent or have a financial interest in the work of the Agent. He should be selected from the local medical profession by the medical referee for recommendation to the Directors. He must be a qualified and registered medical practitioner of unimpeachable character. He must have all the necessary equipment for his work.

I have come across examiners who did not possess weighing scales, and even some who did not have the very simple and cheap outfit for urine examination. Another pernicious practice is the appointment of a large number of examiners in each centre on the untenable plea that this facilitates the work of the canvasser. The larger the number of the examiners in one centre, the greater the likelihood of a very unhealthy competition amongst them detrimental to the interests of the Company. The canvassers are likely to take cases to the most lenient and least scrupulous of the examiners and the honest independent examiners will be avoided. From an experience of almost 12 years in Life Insurance I can assure you that the smaller the number of examiners you have, the better will be the quality of work on your books. There should not be more than two examiners in one centre. I would like to repeat that medical examiners should be very carefully chosen by the medical referee from the list of local medical men and the number in each centre should be strictly restricted.

#### LADY EXAMINERS.

This brings me to the question of lady examiners for female lives. I admit that these are often as efficient as men examiners, at times more efficient for female lives. But I am opposed to their appointment on the ground that the female applicant who insists on a lady examiner, is likely to be a purda lady and therefore not suitable for life insurance. Where a gynecological examination is necessary and the lady

examiner is insisted upon, this may be allowed ; but for routine examination I would exclude lady examiners simply because by doing so we can exclude most of the purda female applicants.

#### EDUCATION AND SUPERVISION OF MEDICAL EXAMINERS.

As far as I know, no attempt is made to educate medical examiners and very little is done in the way of systematic recording of mistakes of medical examiners with the object of revising the list of examiners from time to time. Our medical schools teach nothing of the medical aspects of life insurance and when a practitioner is first appointed a medical examiner for life insurance work, he has absolutely no idea of his duties, his responsibilities or the nature of the work. Literature on this subject is scarce and it is only after some years of experience that he learns something of his work. His medical department makes no effort to educate him as is done by many insurance coys-in America. All this is detrimental to the Co. I have repeatedly seen medical reports wherein the examiners have recommended diabetics and cases of Brights disease as first class lives. The claim papers filled in by attending medical men are often extremely unsatisfactory. I have seen again and again heart failure as cause of death, an event which must happen before a person is dead from any cause. I have read that Bombay water was the cause of death. All this shows how badly our medical men are trained from life

insurance point of view. My suggestions in this connection are that lectureship be endowed at our medical schools on medical aspects of life insurance ; these lectures to be open to senior students and practitioners ; and that the medical referees should issue to his examiners instructions from time to time so as to improve them ; and that a systematic record of their mistakes be kept with a view to discontinue the services of those who are found to be deficient. I would also like to suggest that whenever an examiner is discontinued by an Insurance Coy. for dishonesty, the other companies should be informed of the same. If these suggestions are adopted, we will, I am sure, get a better type of medical examiner.

#### HEALTH PROPAGANDA.

In later years Life insurance Coys. in America and to a certain extent in Europe also, are taking more and more part in the health propaganda of their communities. Let me give you some idea of the enormous work that is being done in this connection by one of the American Insurance Companies.—The Metropolitan Life Insurance Coy. of New York, In 1909 they first published a pamphlet called "War upon consumption." Since then, they have distributed to the general public hundreds of millions of pamphlets in various languages on a large number of health subjects, such as small-pox, measles, pneumonia, hook-worm disease, malaria, the child, care of the teeth, tonsils and adenoids, expectant mothers, open air, the fly, first aid, milk &c. Their visiting nurses cover 4000

towns. A sanatorium for tuberculosis for its own employees is maintained and various health campaigns undertaken. All this is done because they believe in the truth of the saying "an ounce of prevention is better than a pound of cure" and because it is realised that writing of insurance is only a part of the service a modern insurance company should give to the public. Besides, an active health propaganda amongst its policyholders lowers the expenses of the insurance coys, and such propaganda becomes a good financial proposition. I think it is time for us to make a similar beginning in this direction. I would suggest, health propaganda by each insurance company amongst its policyholders. At the time of an epidemic, the Co's medical department should issue to its policyholders in the affected area instructions regarding the nature of the prevailing epidemic, and suitable preventive measures. Apart from this, along with the notices of the periodic payments of the premia, it would be a good thing to issue instructions regarding any epidemic disease present in the district of the policyholders. With a very little extra expense, these measures of health propaganda would raise the insurance Coys. in the estimation of their policyholders and the general public and it will pay the coys financially.

#### EXAMINATION AND DECLARATION FORMS.

The next suggestion I wish to submit is in connection with the medical examination form and the declaration form. These forms are more or less copies of the forms used in Western countries and we often

see some ridiculous question, such as "Have you lived in a tropical country" or enquiries about some diseases which are extremely rare in India, while very often many of the scourges of our country are entirely left out. Our medical forms and declaration forms should be alive to our conditions and an attempt should be made to have as far as possible some basic uniformity in these forms. I would therefore suggest that your offices should revise these forms in such a way that the questions ask the information sought for should have a bearing on the local conditions. Here I would like to refer to some questions that occur in the declaration and medical examination forms and one or two that ought to be there. We always inquire into alcohol and opium history. What is our attitude toward these habits? What is the safe limit? Do not our local conditions demand a different standard in these cases than what is adopted in Western Countries? My own feeling in this connection is that alcohol limit allowed in Western countries is too high for India. I feel that alcohol is much more harmful in tropical countries and particularly amongst Indian people than in the cold climate & amongst Western races. It is my belief that opium deals lightly with Eastern races as compared with Western races. I would be inclined to deal more seriously with an Indian who takes alcohol than the Western taking the same amount, but I would deal more strictly with the Western who takes a small quantity of opium than the Eastern taking a similar amount. These are my personal views and I submit them for your consideration and the consideration of your medical departments. One disease that

we ought to enquire into both as regards the applicant as well as his family members, but is absent from all the forms that I have seen is leprosy. Another addition that I would suggest is the inclusion of applicant's wife in the family history record. She may be suffering from tuberculosis or may have recently died from it, she may be a leper or suffering from some other diseases where the intimate contact between husband and wife would be a most important factor of influence on applicant's health. For these reasons I would suggest including enquiries about wife in the family history record.

#### BLOOD PRESSURE.

The estimations of blood pressure have become so very important that I would like to see it make compulsory for our medical examiners to take the diastolic blood pressures of every applicant. Mortality is found to be very high amongst those who were rejected for high blood pressures and higher the blood pressure, the greater the mortality. Here is a table which will convince you of the importance of blood pressure in life insurance work. I have been trying to make the taking of blood pressure compulsory in one of the insurance coys I had the honour to be attached to, and the difficulties I have found are entirely due to the ignorance of many of our medical men in taking blood pressure. Majority of them do not possess even the apparatus, but this could be remedied by making compulsory for them to possess it.

#### NEED OF INSURANCE STATISTICS.

No solid advance can occur in the field of Indian life insurance till we have Indian life statistics. So far we have been guided by foreign statistics on the individual experience of each chief medical officer. We ought to have our own standards of heights and weights and mortality rates, our own figures of the incidence of various diseases at various ages in different parts and different communities of the country. In this connection I would like to congratulate the Oriental Government Security Life Insurance Company on the small beginning that they have made in drawing up height and weight tables. We need many more data. We have to deal with a large country with a variety of climates. The health conditions, the diets, and the habits of the life of the Indian people in different parts of the country vary considerably. We have to take these differences into consideration. Life insurance statistics would throw much light on many of our insurance and medical problems. Much could be done by our offices in drawing up these necessary statistics. Without them our loading of lives remain unscientific and haphazard, our rejection of applications not always correct, our acceptances not always safe.

#### CONCLUSION.

In the course of this paper, I have given you my views on many of our problems and I have made a few concrete suggestions for the improvement of our Work. These suggestions are as follows :—

- (1) Medical examiners should be carefully chosen by the Chief Medical Officer from a list of local medical practitioners and there should not be more than two examiners in each centre.
- (2) A systematic record of the mistakes of the examiners should be kept by the medical department of the Head Office with the object of removing inefficient or dishonest examiners from the list of examiners. The name of any examiner found to be dishonest, should be circulated amongst other Insurance Cosys.
- (3) Lectureship on medical aspects of life insurance should be endowed at our medical colleges, these lectures being open to senior students and medical practitioners.
- (4) The chief medical officer of a coy should try to educate his medical examiners in their work as far as possible.
- (5) Head Offices of our Companies should now make a beginning in health propaganda amongst their policyholders in some such way as explained in this paper.
- (6) The declaration form & medical examination form should be in keeping with our local conditions.
- (7) The taking of blood pressure should be made compulsory in each case.

- (8) Effort should be made to build up Indian Insurance statistics.

~~REPORT OF THE CONFERENCE~~

As every one of these suggestions are practicable, I submit these & the views expressed in this paper for your consideration.

After Dr. Erulkar had finished his paper  
the Conference was Adjourned till  
2-30 P. M., the following day  
viz. Thursday April 5, 1928.

## SECOND DAY'S PROCEEDINGS.

( Thursday, April 5 )

The Conference re-assembled punctually at 2-30 P.M. The enthusiasm of the first day was not in the least diminished. The attendance was good and the delegates displayed the keenest interest in the Proceedings.

The greater portion of the day's sitting was devoted to the reading of nine more papers on Insurance by various gentlemen.

As they form a Continuation of the papers read on the first day they are given here as such and in the orders in which they were read.

### Settlement of Claims Under Life Policies

BY

Mr. KANCHANLAL VARAJDAS.

Gentlemen,

It is now definitely recognised in India and in other countries that life insurance plays a very important part in the economic well-being of a country. Anything that comes in the way of its growth or speedy development in an economically backward country like India should be removed without delay. Life insurance thrives on the confidence of the public. One thing that is likely to create suspicion in the minds of the general public regarding the services it does and the way the whole matter is handled is in respect to settlement of claims especially after the death of the insured. When a claim is settled promptly, without undue and irksome formalities, the company has rendered real service in the cause of life insurance by creating confidence at once in the public mind in favour of life insurance.

There are certain companies who will do well to revise their methods and formalities in the matter of claim settlements. One company, for instance, insists on a form being obtained from the employer of the deceased. It is often very difficult for an illiterate widow to comply with this requirement. It serves no purpose, either. The company's desire to see that the claim is a bona fide one is laudable, but the method it should

employ to serve that end should not be irksome. The same remarks apply to the attestation by one of the mourners. My view is that instead of all these signatures the claim papers should be signed by the claimant and the physician who attended the deceased. This sort of simplification of the procedure would be of immense benefit to all beneficiaries and incidentally to the cause of life insurance.

Another very important matter to which I wish to draw attention is the assignment of policies. There is a lot of confusing formalities which prevail in this respect. There are many companies in India coming under the jurisdiction of a variety of laws. There are also two kinds of courts, those of British India and those of the Indian States. If a policy-holder belonging to an Indian State dies in his own native place and if he is insured with a company situated in the British territory the claimant has to come to a British Court for obtaining necessary Letters of Administration, thus necessitating considerable trouble and expense. In my opinion, steps should be taken to remove this anomaly by a uniform legislation being introduced in this country. In order to facilitate matters, the company can introduce a clause in the body of the policy itself to enable the insured to name his nominee in the event of death so that considerable delay may be avoided and the beneficiaries will be enabled to receive the benefits of a life policy when they most need it.

## Prospects of Marine Insurance in India

BY

**Mr. MILLARD,**  
Marine Manager.

THE NEW INDIA ASSURANCE Co., Ltd.

*Mr. President and Gentlemen,*

In dealing with such a subject as the "Prospects of Marine Insurance in India," it is essential to appreciate the wide difference between the factors which generally control the placing of Marine insurances, and the considerations which influence the placing of the other classes of insurances common to most present here today. A proposer of Life Assurance or Fire or Accident insurance is almost invariably the sole party interested in the cost of that type of insurance and concerned in the benefits to be derived from or the indemnity those insurances contract to provide. For those reasons a proposer for these latter classes of insurance normally prefers to insure with a Company domiciled or effectively represented locally, and it would be an easier task to deal with the prospects of such classes of insurance in India. Let us now turn to the subject of Marine insurance and review the vastly different considerations which influence the placing of this business. Almost the first thing an insurer does on receiving a Marine policy is to endorse it conferring the right to the indemnification provided

for therein on some party, probably thousands of miles distant and possibly a total stranger. The original insurer also, in making out the Invoice in connection with the goods insured, includes therein the cost of insurance or charges separately and definitely the premium paid. The original insurer, therefore, is not the sole party interested in the cost of insurance ; indeed he is not interested beyond the point that in most instances the securing of the very lowest cost of insurance is essential to enable him to sell his goods in a market that may be ruled by international and intensely competitive prices. In some instances, however, in which the market is such that the cost of insurance is not a consideration of so great importance in disposing of his goods, he is only interested to the extent of the discount or comission to be gained by effecting the insurance. Emerges then, the point that the actual payer of the cost of Marine insurance is the purchaser of the commodity. The retort may be that the purchaser is in fact the eventual payer to the cost of all insurance effected, by the trading communities. That is so ; in fact the cost must ultimately be transferred to the consumer, but the feature peculiar of Marine insurance is that the purchaser, at whose motive goods are transported from one place to another, which gives rise to the need of insurance whilst the goods are in transit, pays the itemised cost of insurance of each shipment or individual transaction. That party, therefore, being most intimately concerned in the cost and the benefit of insurance has the dominating voice as to the terms and conditions of the same ; the natural consequence being that the requisite cover is often taken

out in the country to which the goods are consigned, or if that country cannot offer the facility of cheap and comprehensive insurance, it may be effected in the market in which the cost and conditions of insurance is most favourable to the insurer.

Most of you will probably be wondering when the subject matter of this paper will be dealt with, but the subject can only be fairly considered after the factors and considerations controlling and influencing the placing of Marine insurance are fully grasped.

I think it now abundantly clear that the prospects of Marine insurance in India are interwoven with the prospects of the business generally and internationally, and the prospects of local Underwriting Companies depend largely on the extent to which this fact is realised and the adoption of a line of action conforming accordingly.

It is true that India has a large coastal trade involving a considerable volume of Marine insurance and the economic forces applying to this section of the business are not so insistent and powerful as the similar forces that apply to foreign trade. It would be thought that Local Companies, more particularly the domiciled Companies, would handle this business to the point of practically controlling it, yet, never the less, we that are interested in the insurance of this trade, find it is subject to foreign competition to an extent nearly as intense as the competition for the insurance of India's overseas trade. This illustrates the extent to which Marine insurance, whether of a local character

or otherwise, is ruled by the manner in which it is internationally regarded and the consequential application of that outlook.

In the process of reviewing the prospects of the business in this country and having regard to its close relationship to the business in its world-wide nature, let us consider firstly the present prospects and in their proper order touch upon the prospects that the immediate and the distant future hold out for the Insurance Companies of India.

It is known only too well that Marine insurance has suffered and is still suffering from result of the aftermath of the late war. A few years of exceptional—although, perhaps fictitious-prosperity and high values of ships and cargoes led to a marked expansion of underwriting facilities throughout the world which, evidently, are now much in excess of requirements. To serve competition has been mainly due the trouble that it has been the misfortune of Marine insurance to suffer during the last few years. Doubtless, this has been good for Shipowners and Shippers of cargoes, for there is no question that Marine insurance, generally, has been and is being provided at less than cost price. The Market in India for the insurance of the Hulls of ships is very limited, nor is there likely to be a demand that would call for any appreciable expansion of the present capacity for the underwriting of such insurance, unless remarkable changes in the ownership of the merchantile fleets of the world, or in the constitution and ability of the existing recognised Hull underwriting markets of the world, take place.

This paper must, therefore, be regarded as dealing with the insurance of cargoes. It is regretable that the prospects of the business so far as the insurance of Hulls is concerned, cannot be brought within the purview of this paper, as it is that section of Marine underwriting which holds out the only bright spot discernable in the whole fabric of the business.

The present terms and conditions prevailing in the insurance of cargoes are deplorable, although some improvement has been brought about in the insurance of Hulls. Little if any, success, however, can be recorded in dealing with the question of cargo rates and conditions, which, as this paper indicates, is of chief importance to Companies operating in India. Insurance Companies throughout the world have been able to present more or less satisfactory accounts of the results of transacting most classes of their business but the accounts relating to Marine insurance point to the serious difficulties of conducting the business as evidenced by the extremely poor results secured. The business of Marine insurance, instead of contributing to the profits of the Companies has called for great sums from the profits of other classes of insurance to be transferred to support the Marine accounts, or large funds, built up in the past, have been dissipated or have had to be retained in the Marine Accounts for the purpose of meeting claims still to be borne. Individual Companies here and there have shown that, in spite of the unfortunate condition of Marine insurance and the extreme difficulties in conducting the business a small profit can be earned, but such Companies are

very few and appear to be those that can influence exceptionally desirable connections or have written a small and very carefully selected account. The less disastrous experience of Companies adopting this policy in conducting their Marine Underwriting, clearly indicates that if many more offices were to exercise a similarly restrained policy, terms and conditions would quickly respond. It is to be feared that this, though a counsel of perfection is a counsel of despair, for as long as powerful underwriting groups continue, apparently, to write large amount at low and—more often than not—unprofitable rates, other Companies desirous of proceeding on cautious and conservative lines, naturally find it difficult, if not impossible, to secure the terms and conditions which they believe to be justified. One would think that in such circumstances, the obvious policy for Companies holding that belief, to pursue, would be to refrain from accepting the risks. In the past, such reserve on the part of the Underwriters was feasible and usually brought about a remedy, but it would be less effective now owing to the size of the market and the present day clamouring for premium income. Even, if action, to improve the conduct of Marine insurance can be immediately taken, the degree of success with which such action will be met will not be enjoyed nor apparent for some time.

It is not only the insufficiency of rates that has brought Marine insurance to the unfortunate condition we see it in to-day, but the underwriting of the business is complicated and rendered still more unsatisfactory and unprofitable by a present day demand of ship-

pers for the inclusion in Marine policies of risks which are outside the ordinary and generally recognised perils of the sea. True, this development has one desirable feature, in as much as it evinces a growing appreciation of the value of insurance, and it is not easy for Underwriting Companies to refuse to recognise that and decline to grant insurance protection for extraneous risks when it is desired. The case for a more comprehensive cover is strong, therefore, and it would be difficult and perhaps, a short sighted policy for Underwriters to refuse to satisfy the needs of shippers; particularly the needs of those whose business has brought a profit in the past. It is for Underwriters to try to ensure that an adequate remuneration for the acceptance of this additional insurance protection is obtained, and to consider, in conjunction with the Shippers, which risks the latter are best fitted to assume, since some are ordinary risks of trading and have little to do with the special perils which transport involves.

Having listened to this gloomy recital of the difficulties attending the conduct of Marine insurance at the present time, and the unsatisfactory condition it has reached, you will not expect the optimism that it would be necessary to assume—and to unwarrantably assume—to predict bright prospects in the near future for the domiciled Companies now transacting the business, or awaiting Companies that may be contemplating venturing into the Marine Insurance market. The immediate attitude to be adopted by our Companies towards the business must be dictated by the

respective policies and capacities of the individual offices. Some companies, acting possibly in what they believe to be the interests of their general welfare and development, may decide to freely transact Marine insurance in spite of the unsatisfactory results that must at present be anticipated, while others may elect to proceed on the lines of sound and cautious Underwriting. In the latter event it is to be feared the amount of business they would succeed in securing would, indeed, be small.

Any concerted action on the part of Indian Companies is not feasible, apart from considerations of their numbers and financial strength, unless conforming with a movement embraced generally by the large Underwriting Companies and groups throughout the world, and there are yet signs wanting of any such movement being made. If, and when any action having as its aim an improvement in the general and world-wide conduct of Marine insurance is projected, Indian Companies would be well advised to join and effectively support any such action, for the progress of Indian Insurance Companies in Marine business depends entirely on that business being placed on a basis that makes it profitable to transact.

This aspect of the prospects of Marine insurance in India can be emphasised by recounting the recent history of Marine business in Bombay. In this city there are operating, approximately, one hundred Insurance Companies Indian and Foreign with a collective Underwriting capacity sufficient to cater for the entire Marine insurance requirements of every

merchant shipping goods from the port. Practically all those Insurance Companies are members of an Association which has as its object the regulation of Marine insurance by fixing rates of premium which experience indicates are responsible both to Underwriters and Shippers, and determining relative conditions on which goods may be insured. One would think, that in these circumstances, the market in this city for Marine insurance would be able to so regulate the business through the medium of the Underwriters Association as to withstand any serious attack from competitors not members of the Association. The contrary, how ever, is the case, and severe competition has been forthcoming from foreign Underwriting groups operating—through Agents—in our midst, and from foreign Underwriters that write the business in their home markets. The severity of such competition has compelled the local Association of Underwriters to relinquish control over rates of premiums applying to a large portion of the shipments from Bombay. It is realised that even the adoption of a scale of rates of premium which experience proves would result in a loss to Underwriters—and no Association feeling a moral responsibility for the guidance of its members could adopt that line of action would still invite that ridiculous competition which is the feature of Marine insurance today. Also, the imposition of an obligation on members to observe a Tariff of rates would place them in a position of having to fail in that observance in instances when it is deemed advisable to retain certain connections at all costs.

It is evident that the present and the near future hold but little promise to those that are ambitious and anxious to extend the activities and expand the facilities of the domiciled Insurance Companies in the realm of Marine Insurance underwriting. However, to give a fitting conclusion to the paper, having regard to its title, it is incumbent on me to look further ahead into the future that Insurance Companies, in the process of their development, must always visualize. It would not be unreasonably optimistic to hold the view that Marine insurance must in course of time again become a business by the proper transaction of which the Companies can expect to drive a reasonable profit. Economic forces, stronger than the power of Insurance Companies, have brought Marine insurance to its present unsatisfactory condition, but counter forces will, in time, rectify the position, for it is obvious that Insurance Companies great as their collective financial resources may be, cannot continue indefinitely to provide insurance protection at less than cost price.

Given the improvement in the conduct of the business which Insurance Companies must, in their own interests, and by some means enforce, the prospects of Marine insurance in India are naturally largely dependent upon the export trade of the country. A review of the general trade prospects is, however, outside the scope of this paper, although it would not be out of place to anticipate that the demands of the world at large for the products and Manufactures of India will grow and counteract any shrinkage in exports that may otherwise follow her increasing ability to convert

her raw products into the manufactured articles the country requires.

To the extent that the course of Marine insurance in India depends on the general trade of the country, so does the future of Marine insurance, generally, depend on the course of world-wide trade. Most of you will have followed the published opinions of those best fitted to judge which are to the effect that a gradual improvement and expansion in the trade of the world can be looked for. It is recognised that Marine insurance is a more satisfactory business to transact when the state of trade is good and is subject to a healthy expansion. As Marine insurance is a business of so international a character it will be seen that any improvement in world-trade must, therefore brighten the prospects of Marine insurance in this country.

There is no reason, therefore why Indian Insurance Companies should not regard their Marine insurance business of the future with hope and optimism, and prepare to secure their rightful share of the business offering. To succeed they must possess the financial strength and be in a position to provide the service that inspires confidence in those electing to insure with them. They must aim to extend and perfect their organisations in order to offer the facilities of insurance that are at the present time so readily obtained from the many competitors in the business who have already developed a world-wide and intricate organisation.

Those Indian Companies now transacting Marine insurance would welcome the advent of more domiciled Companies into the business. Advancement of our Companies in the business would be accelerated and consolidated were greater numbers operating. The whole-hearted support and patronage of the merchants trading in this country cannot be looked for until they are convinced that all their Marine insurance requirements of a reasonable nature can be catered for by Companies of Indian origin. When that time arrives it will be found that much greater progress will be easy of achievement.

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OF INDIA  
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## Life Insurance Investments and some Suggestions Thereon

BY

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OF

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*Mr. President and gentlemen,*

It was not my intention to submit any paper during the Conference as I had very little time at my disposal for handling any subject. However, I have been forced to speak by my esteemed friend and co-worker Mr. Ramchandra Iyer, who, as we all know, has worked for the promotion of Insurance business in this country by propaganda in press etc. as no other man has done.

The subject of investment is equal in importance to writing new business and helps or retards the progress of an institution according as its investments are on sound and paying lines or otherwise. The latest figures available roughly show the following position as regards the Indian Life Offices' investments :—

	1921	1923	1924	1925
	% to total assets.			
Govt. Securities	65	66	65	60
Port Trust, Municipal & other securities	15	13	14	19
Mortgages on property	7	6	6	7
Loans on Policies	3	3	4	4
Miscellaneous	10	12	11	10

It will be seen from the above that a very large part is invested in Government securities, the result of which is that the rate of interest earned is meagre and is not what large funds should command as will appear from the following :—

	1921	1922	1923	1924	1925
Rate of Interest	5.88	5.96	6.26	5.93	5.70

Compare with this the following figures for the United States companies as on Dec. 31, 1926 :—

Mortgages on property	42.8
Government Bonds	9.4
Other Bonds & Stock	28.8
Policy Loans	12.2
Real Estate	1.8
Cash	.9
Miscellaneous	4.1

The second class of investments viz. the semi-Government stock etc. occupies the second position. It is this stock that should have found larger favour with investments than the first, for, it is in this field

that there is a very wide scope for investment with safety. We find, and as you gentlemen know, very little active investment programmes are previously modelled and carried out by our companies. In this class there is an ample scope for companies to underwrite by negotiation the whole stocks of semi-Government bodies at a great profit. They can even approach local self-Government institutions like the Municipalities and the Local Boards with suggestions that the funds would be forthcoming if Government guarantee their loans. As an illustration of my view point, I would suggest the following. We recently read in papers that the Bandra Municipality had full support of the Government in their water supply and drainage schemes. The difficulty is about the funds as the Local Government is not in a position to help it on account of financial stringency. There is no reason why some of our local companies with large funds should not approach severally or jointly the Municipality with clear suggestions that they would be prepared to underwrite the loan at a certain discount and certain rate of interest if they could obtain the sanction of the Government for a loan duly guaranteed. This is the most important form of investment that has been neglected and I hope in years to come we may find the figures for the Government and semi-Government securities reversed.

In this connection, I quote Mr. Ecker, Vice President of the Metropolitan Life Insurance Co. of New York. He says "It may be well to emphasize the extent to which the Life Insurance funds are

sought to be invested so as to be of greatest benefit to the whole public. Investments in the public utility concerns give the best returns, and greatest benefit to the public, and are safest as they are in the form of obligations secured by mortgage of property of the operating companies."

One form of investment properly secured but not to be encouraged in the interest of policy-holders is the policy loan. The amount of such loan once given is not controllable under any form of investment policy as it is given under contractual and legal requirements. Demands for policy loans are seen to follow closely the swing of business conditions. In times of general stress, policy loans increase. But it should be persistently brought to the notice of the public that they tend to defeat the very object for which the life insurance was procured, of course the exception being the case in which the loan is merely a transfer entry to keep the policy running under non-forfeiture clauses. It is doubtful if the money loaned on life insurance policies really finds its way into productive channels and before the amount shows an appreciable increase in percentage to total assets it should be checked and kept low.

The final item of note is the miscellaneous which comprises loan on personal securities, Agents' balances, Deposit, Cash etc. The percentage is extremely heavy and needs to be reduced to a very large extent so as to make more funds available for better form of investment.

I will end gentlemen by quoting from Charles Evans Hughes "It is well for you constantly to emphasize that life insurance is the effective agency of thrift. The best guardian of purse that has ever been discovered is a life insurance policy. You deal in money. As your outstanding risks grow your reserves must correspondingly increase. You cannot board. Thus you control very largely the funds available for important public enterprises. You should therefore in a very large measure be the means for public undertakings, for railroad expansion and betterment, for the service of public utilities for every endeavour which gives proper response to public needs.

~~SECRET~~

## Statistics in Insurance Business

BY

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*Mr. President and Gentlemen.*

My very sincere thanks are due to the organisers of this First Indian Insurance Companies' Conference for giving me an opportunity to read this small paper on a subject of which I have been a keen student both in this Country and in England while preparing for my degree examinations. Of course, the paper is a very brief one and is meant to give only the general lines on which the study of this subject should be developed in Insurance business.

Nothing is more vital to business development than Statistical information available in connection with that branch of business. No information is more convincing than the one obtained by the compilation and analysis of actual figures pertaining to the business. In fact the gist of the modern business development, is Statistics. Statistics is as vital to business as fuel to an engine and food to man.

Unlike other branches of business, the need for statistics is of paramount importance to Insurance

business and it is in this very branch of business that information is not forthcoming. Insurance is a business of a very special nature inasmuch as it has not only to face the ordinary Trade Cycle in sympathy with business in general but it has also to face the ravages of nature in particular. It is this phenomenon, which is peculiar to Insurance business, that makes it a subject of statistical investigation in minute details. Unlike in Life Assurance, the risk in other classes of Insurance business viz. Commercial and Casualty is not certain of occurrence inasmuch as that loss will never occur in all cases of insurance. It is only a certain proportion of business that suffers a loss and it is a most difficult thing to ascertain which of the risks will be subjected to loss and at what time. In order to safeguard against this uncertainty incidental to underwriting business nothing can help us more than the compilation of statistics, their analysis and examination. As raw material is a big item in the cost of manufacture similarly loss ratio is a big item of cost in Insurance business. While in the former case the cost can be exactly calculated, in the latter it can be got by taking the average loss in relation to particular class of business and averages are the soul and substance of Statistics. It is desirable always to know the cost of each item and the profit earned by the sale of that item and this can be possible in Insurance business if risks are properly classified according to their nature giving the figure of premium earned on each particular class. Losses must similarly be shown against each class and this can give us the best idea as to whether the business is being

carried on, on prudent lines. This information is of vital importance to all the insurance offices, and the best figures are those obtained from one's own previous records. The results of all the companies will vary, because each has its own way of dealing with its business.

Not only do the individual companies pay little heed to this cardinal factor in business, viz :—maintenance of proper Statistics, but it is very unfortunate that the Government have also ignored this important branch of business viz Insurance.

There is no information as to the total amount spent on Insurance by this country as no returns are made by the Companies transacting a general insurance business in this country to the Government. But from the inferences that can be drawn based upon the following facts, we will readily realize that the share of this business going to Indian Companies is but very nominal. Taking into account the imports and exports of merchandise into and from this country which run into an enormous figure of 1200 crores of rupees every year, the amount of marine premium earned by our national concerns is very small indeed. If to this figure we add the figure of coastal trade—that portion of it which is insured,—the result is only further aggravated.

Turning to Fire insurance, the same thing is true of this class. In absence of direct figures, we can only infer by taking into consideration the amount of capital invested in industrial concerns viz :—Cotton

etc. and other public buildings and in private trade on small scale, and taking on the other hand the premium earned by the few Indian Companies in existence at the moment, one feels that this figure is insignificant.

Leaving Fire and turning to casualty insurance, we don't find the results any better. We know that most of the private cars and commercial vehicles running in this country are owned by Indians, and yet taking the number of vehicles on road and the number insured with Indian Insurance Companies, we can only infer that inspite of the ownership being Indian most of the property is insured with foreign companies. Most of the mills in India are owned and managed by Indians and yet we find that not many mills give their workmen's insurance to Indian Companies.

All these facts make it clear that quite a substantial amount of Indian resources leave this country in shape of premium to foreign Insurance Companies.

All these facts are only an indirect way of proving the loss to the country due to export of our resources in shape of premium, known as invisible export, an information which could be had in a more direct way, by legalising the Insurance Companies and making all the companies to submit an yearly report of premium earned from each class of business, the amount of risk underwritten each year and the funds created for the safety of the policy holders. As I have already said, nothing is more convincing to human mind than figurative information obtained by

the analysis of figures pertaining to that business, it would do this country any amount of benefit if the Government legalised Insurance business, and collected information on lines indicated above and laid the same before the public when their eyes would be opened to the loss, they were putting the whole nation into by allowing the export of Indian money for the benefit of foreign lands.

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## The Co-ordination of Life Assurance and Long Term Banking

(By Mr. S. M. Pandharipande B. A. Managing Director the Ideal Democratic Assurance and Mortgage Loans Ltd. Nagpur, and Mr. D. D. Deshpande, B. A. S. T. C. F. C. R. A. Chief Accountant the I. D. A. & M. L. Ltd. Nagpur.)

These two businesses may at the very outset, be looked upon as incompatible with each other, but the incompatibility is more supposed than real, in as much as, it will be apparent, that on a studied investigation into the techniques of these two different businesses, for which the present essay is intended, there is nothing in their very nature that may conflict with each other. On the other hand, it can be proved to the satisfaction of an intelligent reader and a serious student of economics, that the two businesses can be very harmoniously co-ordinated without prejudice to either of them but to the utmost good of an economically distressed and primarily agricultural country like India. How this can be done, we shall presently see in the following few pages.

The business of Life Assurance, having passed through many primitive stages, more or less of an experimental nature, has now developed into a definite science and owing to the vast practical experience so far gained has attained such a mathematical perfection

as to stagger the imagination of the most calculating and cautious investors of the day. There are many causes which have contributed to the unique success of life Assurance business ; but the principal of them all is that through this business human genius has succeeded in finding out the cheapest and the most effective remedy to alleviate the financial sufferings of the family dependents consequent on the premature death of a prominent and particularly the earning member of the family. In short, man has triumphed over the uncontrollable chances of nature in compensating to a considerable extent the material and financial losses attendant upon the untimely demise of the principal supporter of the family and that for a nominal cost or sacrifice.

The advantages of life Assurance are manifold and need not be reiterated here specially before those whose everyday duty includes the unfolding of those benefits to the ignorant and mostly indifferent public in glowing terms by all ingeneous and effective means. For our present purpose, it should suffice to say that a scientifically and efficiently managed life Assurance Company brings about the smooth but mutually beneficial combination of all its Policy holders who otherwise hardly save even the premiums they are required to pay to the Assurance Company but who having thereby secured an unshrinkable asset from the outset, for their dependants on their own untimely demise, indirectly but materially contribute to the alleviation of similar financial miseries inflicted on the families of their less fortunate colleagues in business by the uncertainties

of human existence. Life Assurance has thus become an important factor in the economic life of an individual as well as of a nation. Look at the enormous growth of life Business in the various countries of the world at different stages of modern civilization and it will be apparent that vast funds have been accumulated in the hands of life Assurance companies, which have constantly been invested in one way or the other. The economic wellbeing of a nation largely depends upon the sound and judicious investment of these automatically accumulating huge funds of life Offices.

Despite all its rapid and enormous growth and development, life Assurance has not however been given that importance in the domains of economics which is attached to Banking. This is true more or less even in Europe and America and much more so in India. Open any treatise on economics and you will find that a good many chapters are devoted to banking, its historical development, theory and practice, the different systems as prevalent in different countries, the functions of the different types of banks and various other problems connected with Banking. But we are at a loss to understand why even the elementary principles of the mathematically perfected science of Assurance are not expounded in any literature on economics. Both the businesses command the paramount importance in the material prosperity of every nation and there is no reason why life Assurance should not be reckoned in economics at least as essential as banking. The truth is that the potentialities of life Assurance business have not as yet been fully recogniz-

ed and appreciated by the students of economics. The accumulating funds of a life Assurance company are looked upon merely as money to be hoarded and invested in liquid assets to meet the contingency of Assurance claims arising at any time ; but the essential characteristic of this business has been generally overlooked by people entrusted with investment of those funds, namely that a very small proportion of such accumulated funds is likely, if at all, required to supplement the premium and interest incomes in meeting the demands of Assurance claims even in times of virulent epidemics and that substantial proportion of such funds can safely be utilised in building up the well conducted industries in the development of the commercial and agricultural resources of the nation or in the alleviation of oppressive agricultural indebtedness. There is the vague conscientiousness behind that Banking and Insurance are par-excellence on the same footing since in discussing the problems of Bank investments references are often made for the sake of comparison to the nature of Insurance investments and it has been often urged that the nature of investment in these two businesses ought to differ fundamentally as their obligations also radically differ. But this is only stating a partial truth and not the full truth. Investments of ordinary or commercial Banks ought certainly to be of short durations and liquid in nature in order that the necessary funds may always be at the immediate commands of such Banks to fulfil their demand obligations, and to meet the runs of their clients at any time. The other important peculiarity of these banks is that they should keep

religiously aloof from all other sorts of Banking and investments requiring long term and inconvertible locking up of their funds and the many failures of such Banks are primarily due to the neglect in the rigid observation of this essential principle. But the ordinary or commercial Banks are not the only kinds of Banks in the world of Economics. There are other sorts of Banks as well namely—the Industrial Banks, the Mortgage Banks, the Investment Banks or Trust or Finance companies as they are called in England, the nature of whose investment is more or less similar to that of Life Assurance Companies. The avowed objects of the Mortgage and the Industrial Banks as their very names imply are to finance the original industries of a nation, to advance long term loans on the first mortgages of property either real or chattel, for agricultural improvement or for liquidating oppressive private mortgages or immovable property, as well as to supply the original capital for sound business propositions. It is interesting to investigate how such Banks obtain finance for carrying on the above mentioned operations. Obviously such Banks attract long term deposits from and sell their mortgage Bonds or Debentures to the investing public at reasonable rates of interest and realize the finance so collected in carrying on long term Banking. It is in this connection that we would like to discuss the question how far life Assurance companies in India can supplement the much needed finance for the conduct of long term banking, which is the vital need of this country.

By the special nature of their Business as evinced from so vast an Acturial experience life Companies

need not keep large funds at immediate disposal for meeting their obligations since they are never affected by the so called "runs." The actuarial science of ordinary Banks can well nigh correctly anticipate the annual liability likely to arise in respect of the Assurance contracts. Setting apart, therefore a little more than what is anticipated by actuarial calculations, out of the life fund, the remaining portion of the same can safely be invested by the life Companies in long term Banking either directly by themselves or by financing the Banks which carry on the business of Industrial, mortgage or other forms of long term Banking. The practice of investing their funds hitherto followed by life companies in India has very little to be recommended in it, nay much more than this, it has never been creditable from the stand point of either the national or commercial prosperity of India. Taking the most recent figures of life assurance business in this country from the blue book of the Govt. of India, for the year 1926, it will be seen that the total life fund of all Indian Life Assurance companies and the funds working during 1926, amount to 12,58,03,740 crores of rupees, and out of this enormous amount as many as 7,98,64,027 crores of rupees or 63.5% are invested in buying Govt. Securities; 1,12,05,406. crores or 8.9 % are invested in advancing loans to their Policy holders on the security of their policies within their surrender values and 69,45,011 lacs or only 5.5 % are advanced by a few companies as loans on the mortgage of real property. This will clearly go to prove that the policy of Investment of Indian Life offices in halting and has no commercial enterprize in

it. Utmost security of life fund is no doubt the first anxiety of a life office but that sort of first class security, if obtained by some ingenious, enterprising and altruistic methods of investment, has certainly much to be commended in it. No very great expert management and technical skill are required for collecting life premia from life contractees from year to year and investing the same in Govt. securities after spending that much portion which is absolutely needed for carrying on current expenses. This is an achievement in which capable management cannot glory. The real skill of management of life offices, ought to be in utilizing their surplus amounts to the best interests of the nation and towards the development of Industrial and agricultural resources of their country. This has been practised successfully on a large scale by life offices of Canada, Australia and United States of America and to some extent in certain countries of Europe. Indian Life Offices have a wide field to show their abilities in this direction.

India's vast and still unexplored Industrial and agricultural resources have yet to be developed but the development is hampered, on one side by want of young, energetic and enterprising band of workers, to utilise those resources, and on the other by the lack of capital or finance for promoting such enterprises. Then there is that monstrous problem of India's agricultural indebtedness which has baffled many solutions, attempted both by Government and people, for the last so many years. The life assurance companies can with safety lend their helping hand in

this matter and can even be the pioneers to save the Indian agriculturist, from the death like cold claws of the indigenous Banker, known as the Sahukar or Mahajan, of whose banking system Sir Daniel Hamilton says. "What India wants is an act written not with goose quill dipped in milk and water, but with an iron pen dipped in the blood of the Mahajan, for until the Banking system for which the Mahajan is responsible, is dead, India will not live." The village Sahukar mostly "the diseased product of a diseased community" mercilessly trading upon the misfortunes of his borrowers saps the very blood of the Indian agriculturist, as it were, and lives in opulence and decency upon the misery and wretched indebtedness of his agriculturist clientele. To save this miserable farmer, from the wicked grasp of shylockian money lenders, measures like Deccan Agriculturist relief act were passed and the great co-operative credit movement has been undertaken but they have neither wiped off the greedy Mahajan nor have improved the financial condition of the impoverished farmer by an iota; on the other hand, such measures have been actually responsible, to a certain extent, to aggravate the miseries of the farmer, since the sahukars try to exact any unfair terms and conditions from the needy farmer, with a view to be out of the clutches of laws. In the absence of any other source, which, a needy farmer may look to for the satisfaction of his needs, he is at the mercy of these mahajans, and hence the paramount or supreme need of some such organizations, as mortgage banks, which can give a considerable relief to the poor ryot on non-exacting and sympathetic terms.

The urgency of such mortgage Banks has been beautifully expressed by B. Ramchandra Rau in his "Present day Banking in India." He says "The chief reason why mortgage Banks should be started in India is the fact that in the interior, this business lies in the hands of the indigenous Banker and members of the wealthy class. Their terms are too high and exacting. The borrower is exploited according to the urgency of his needs and nowhere does he get fair terms, to which he is entitled, by virtue of his security. Organized credit should be substituted in place of the money lender." Sir Frederick Nicholson has also said. "The individual system of providing credit is too elementary and must needs make way to higher and more organized form of credit, as general wealth, order business, confidence, and habit of association develop on the part of the people. Such measures alone can eliminate, the dangers of usury. No amount of tinkering with laws can stop it. This fact has been admitted even by Government in one of its despatches by saying that though the Deccan Ryots relief Act, the Jhansi encumbered estates act and all other similar measures of an exceptional character, have tended to relieve the peasantry in some localities of hopeless load of debt, but they have not enabled thrifty and industrious cultivator to obtain money for agricultural purposes on easier terms, or more equitable conditions. A mass of literature is prepared by Government by appointing so many commissions from time to time to make inquiries into the indebtedness of the Indian Agriculturist rightly hitting upon the true causes of his indebtedness and the literature so prepared is so

very lucid, erudite and thoroughly convincing that one would wonder why the Government is so very hesitating, in bringing into practice what has appealed to its reason and conscience. The whole literature is now collected and published by Prof. S.C. Ray M.A. of Calcutta under the patronage of the Calcutta University in such a beautiful volume. "The Agricultural Indebtedness in India" as would do credit to the shelves of any library, for the perusal of those having the desire, patience and leisure to go through it. But Government has not gone a step beyond the appointment of commissions and publications of their reports. As early as in the year 1884 the Government of India, had admitted the necessity of establishing an agricultural Bank in Deccan in its despatch to the Secretary of State for India, No. 7 (Revenue) dated 31 May 1884, and it is well nigh fortyfour years, since the despatch and yet that Agricultural Bank for the Deccan is still to come into existence. Period of two generations, has rolled down, and even the grandsons of the wretched indebted Deccan Agriculturist of 1884 have no hopes of being benefitted from the yet to be established, Agricultural Bank for liquidating his continuous indebtedness. Such is the indifferent attitude of the Government towards this vital question of India's need. In foreign countries, the Government have tried their utmost to give relief to their indebted farmer, by establishing Banks of their own, or encouraging private Banks to carry on mortgage Banking by actually patronising and lending its helping hand to them or more effectively guaranteeing the mortgage bonds or debentures issued by them

Look at the credit Foncier of France, which is the mother of all land mortgage Banks, and the Landschafoten of Germany, which have rendered signal service to the peasantry of those two countries in rendering them free from oppressive indebtedness. Both of these institutions are helped by Govt. actually by subsidies, and by passing legislative measures, with a view to aid them in realizing their loans from defaulting customers, by the right of foreclosure of the property mortgaged, as well as by having endowed them with the power to take over the management of the real estate as receivers. We have no enough space and time at our disposal nor is there any necessity to go into the constitution and the methods of working of these two sorts of institutions, however, interesting those questions may in themselves be. Suffice it to say, that in European countries such banks, are carefully watched over by the Govt. and due provision is made that the bonds issued by these land banks are honoured by the commercial Banks. Fortunately for the agriculturists of these countries "these mortgage bonds are reckoned as equivalent to Govt. Securities, and are valued more because they do not fluctuate like the latter which depend on the glorious uncertainties of political fortune" Perfectly safe and readily convertible securities are thus created in these countries out of real properties which cannot easily pass from hand to hand and both the borrowers and investors are benefitted by these mortgage Banks, the former getting long term loans at cheap rate of interest while the latter perfect safety, high interest and ready convertibility. For all those who have the

genuine good of their distressed countrymen at heart, it is a matter of paramount National importance to study the vexing question of the continued but oppressive agricultural indebtedness of India and to offer all practical solutions of the crucial problem. In the opinion of the present writers, life Co's funds and the nature of their business afford ample scope to tackle this problem and make it a practical reality in the field of long term Banking. As has been already shown, a substantial portion of the life funds of assurance Cos. which is not required for meeting the immediate obligations of a life office (and this can very well be demonstrated from the balance sheets of successive years of well conducted life offices both young and old) can safely be invested in giving long term loans (say for periods ranging between 20 to 30 years) to the agriculturists, sunk over head and ears in the debts either ancestral or self incurred at moderate rate of interest on the security of their property. The repayment of loans, thus advanced can very well be arranged, by easy instalments annual, sixmonthly quarterly or monthly, suited individually to the borrowers. If the repayment be arranged, in instalments of the original sum, lent, a little extra charge, over and above the rate of interest allowed, will have to be recovered from the borrowers, to cover the expenses of administration etc. but the best way, to recover such loans, would be to get lives of the borrowers insured with the Companies to the extent of at least the amount of loans advanced to them if they be acceptable as first class lives purely from an insurance point of view. Under this arrangement, the extra

required, for the administration etc. is covered in the premium instalment and the party has to go on paying the interest, on the sum borrowed, at the stipulated rate, and his annual premium instalments. The loan can thus be automatically liquidated from the assurance claim whenever it arises, either by survival or premature death; and herein, the debtor, has the greatest advantage, which he can never secure from any money lender or even from a long term Mortgage Bank, namely, if he unfortunately succumbs to a premature death, his debt is immediately discharged, and his mortgaged property at once becomes free from the encumbrances without the payment of a single pie further as interest or principal. This is not a new feature altogether, as it has behind it the authority of usage and practice. Mr. M. T. Herrick says in his rural credit "However Insurance and Finance, are intimately allied and the idea of protecting the claim of the creditor, by insuring in his favour, the life of the debtor, was put in practice, at a very early stage and is now gradually spreading in all other countries, where plans have been devised and actually carried out in practice for completely replacing mortgages by life policies as security for long term mortgage loans." Of course, this would not be the case, with the borrowers, whose lives would not be acceptable to the companies for insurance, and in their case, their estates would continue to remain encumbered even after their death until the final liquidation of their debts, but the companies are helpless in such cases. However even for them the advantages, in the form of easy instalments spread over a term of 20 to 30 years, and

the lower rate of interest allowed, are equally precious, when compared with the high and exacting terms of any village sahukar. The object of granting such long term loans at moderate rate of interest should invariably be either the redemption of ancient and oppressive private mortgages, or the improvement of agricultural soil. Such loans should as far as possible be avoided for non productive objects, such as the marriage ceremonies or any other rites which are enjoined either by society or religion upon the borrowers.

A question may arise in this connection, as to what percentage of life fund should be invested on this business of long term banking. Experience shows that it will not at all be risky for life offices to invest at the most upto 50 or 60% of their funds on this business. The remaining percentage of the life fund can very well be invested in buying gilt-edged securities, being thus reserved as ready money for paying the assurance claims arising from time to time. Particularly for such companies as may grant loans on the joint security of life Assurance policies and immovable properties this percentage of ready money need not be even so large as that in the case of other companies not granting such loans, since no claims shall have to be paid in cash for the assured borrowers who die prematurely. If ever the annual revenues of the Company namely premium and interest income be found insufficient to meet claims etc., the companies can very well draw upon the gilt-edged securities and meet their immediate obligations. If the life funds be economically and tactfully managed, this business of long term banking would no doubt

prove on the one hand a boon to the poor and aggrieved Indian agriculturists, and on the other a source of reasonable profit to the life offices under a safe opening in a new but popular direction, for the investment of their funds. The only care that must be taken in granting such loans, is the valuation of land must be on a very sound and rigid basis, and must be done by qualified appraisers; the amount of loan to be advanced never exceeding half the appraised value put on the land by them. Mr. B. Ramchandra Rau says in his "Elementary Banking" "So long as a sound evaluation of land and due limitation of loans to half the appraised value of the land, are scrupulously followed, there is no reason why a Mortgage Bank ought to fail". That long term Banking is perfectly compatible with life Assurance business, has been opined, by eminent actuaries. Mr. G. S. Marathey, the eminent Actuary of Poona, in his very recent article on Insurance in the popular Marathi monthly "Chitramaya Jagat" has favourably talked of investing the funds of life offices in sound long term investments. Sir Gerald Ryan opines in his Presidential Address : - "I may add that I am strongly in favour of a substantial portion of the funds of a life office being employed in mortgages of free hold and lease hold properties not only for the reasons given above but to lend stability to assets in times of monetary crises." There is Prof. K. B. Madhav M.A.A.I.A. another eminent Indian Actuary of Mysore who genuinely realized the importance of the problem of agricultural indebtedness in India and says in one of his articles "of immediate concern, is the relief of agricultural indebtedness, in the country

which is well known and ever increasing. The ordinary kinds of financing, joint stock industrial and co-operative Banks, have naturally all failed, because of the peculiar characteristics of Agricultural relief." On further discussing investments on land and real property mortgages by life Assurance companies, he adds "These loans satisfy all the canons of sound investment for life Assurance offices ; security unimpeachable, when not actually guaranteed by Govt. interest rates very favourable, long term investments, and being directly helpful in the relief of the indebted, it is intrinsically of the same nature of social service, as life Assurance itself. This form of investment is eminently suitable, for the life offices, and future participation is bound to bring both profit and popularity." These opinions of experienced Actuaries ought to weigh high on all sceptic minds and to remove all apprehensions regarding the investment of the funds by life offices on the first mortgages of nicely selected and critically sifted real properties.

After having so far, demonstrated that long term Banking is perfectly a safe business for life offices, and that in particular, long term land mortgage loaning is more desirable, as a form of investment of their funds a note of warning, has to be sounded. Should a careful selection of the borrowers be not made there is likelihood of such concerns being involved in costly and time-wasting litigations. A critical enquiry of the financial dealings and paying capacities of the borrowers has therefore to be cautiously made before the grant of the loans. It is also more urgently necessary

to get the existing legislature so modified as to ensure the safety of such investments as well as to guarantee effective measures against any defaulters as has been done in other countries and in particular with regard to the co-operative credit societies in India. Such companies as are carrying on the long term Mortgage Banking should with great advantage be invested with the right of foreclosure and to act as receivers of the estates so foreclosed, as in France and Germany, and other European countries. Such legal state aid, is the minimum that can be expected from the present Govt. though, it ought to be equally its duty to help such institutions by actually supplying them with a portion of their finance or at least to patronise such companies by guaranteeing their mortgage bonds or debentures. Even to obtain such a legislation, a combined effort on the part of all life and loaning offices in India would be required, and a strong representation, will have to be made to Govt. pressing the urgency of such legislative measures.

Particularly life Assurance Companies of any magnitude are anxious how profitably and safely to invest their surplus funds ; they further have to popularise the great mission of life Assurance as far and wide as possible and in particular to ward off as much as practicable the huge export of life Assurance premia from this country by so many foreign life offices. Lastly life Assurance Agency has yet to be recognized in India as a lucrative and honourable profession even though the problem of the unemployment of the educated people is day by day becoming

more and more exasperating. Should Life Assurance companies take in mind the conduct of long term mortgage Banking as well along with their ordinary Assurance business or at least invest their funds on the fixed deposits and mortgage debentures of those few Indian Life Assurance Companies who may have specialized in and be inclined to undertake this allied business strictly on scientific lines, all the above problems would be very effectively and simultaneously solved.

Distant mortgage Banking essentially requires capable and trustworthy local organization which would open avenues of employment for a number of capable hands both for life Assurance and Loan business. If the grant of long term loans on advantageous terms be vigorously undertaken by life companies on greater and greater scale the day would not be distant when they and their life Assurance business would be a by-word with every humble hearth and home throughout the length and breadth of this extensive land. The present condition of the principal industry of the country namely agriculture is in such a sad plight of economic distress as should appeal to all patriotically conduct life Assurance companies, particularly because they are the only institutions in the country which, if they really desire, can render singular service to unfortunate Indian Agriculturists, and fight out the usurious Sahukar ranging through the nook and corner of the country with his heartless rates of interest. The earlier the important lead given by Prof. K. B. Madhav in this respect, is followed by life com-

panies, the better it will be for the all round prosperity of the country, namely. "In conclusion, the entire group C (Investment of assurance funds on land and real property mortgages) under discussion and more particularly this part of it, has a personal attachment, the value and service of which can never be overestimated. This it will be seen appeals to the heart and homes of the public and will thus be in conformity with the general indemnifying purposes of Insurance. *For this reason alone, even if nothing else recommended this group of what I may call personal aspects of investment may and ought to be specialized in (by life Assurance companies).*"

It is earnestly hoped that all life offices in India, having the supreme good of their mother-land at heart, would recognize their duty towards their economically distressed agriculturists and contribute their full quota to the solution of a long delayed but extremely vexing national problem vitally affecting this primarily agricultural country.

May Providence inspire them to undertake this highly benevolent endeavour with the earnestness which it deserves.

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~~SECRET~~

## GOOD WILL.

BY

Mr M. V. MERCHANT.

The maintenance of good will begins with the securing of the application. When the application is first secured the agent must be gracious in his manner ; he must give to the client substantial information, accurate and reliable both with reference to the clients insurance needs and with regard to the remedy which the agent is applying for their fulfilment.

It is not enough for the agent to suggest the plan which suits his needs properly but he must also explain to the client the reasons why, so that the client will understand from the very beginning that he is getting not only what he needs the most but he must also be convinced that the plan offered to him is the most adequate and proper.

Before completing the case the agent must handle all the details first ; for in no other vocation does time seem to enter as a more important factor. He must also handle the case with as little trouble to the client as possible. Not only must he be considerate of his clients time but he must also be considerate to endeavour to keep the client from having to perform an undue amount of thinking over the matter. An average client always appreciates the services of the tactful agent who works out all the intricacies of the

life insurance transaction and lays them before him in the simplest form for his decision.

The ways which I have mentioned above go a great way to establish good will in the very beginning, the first and the most important step in maintaining the good will of the client.

The succeeding steps in maintaining the good will consist in keeping personal contact with the client. These contacts may be made either by the agent or the chief agent of the company or by all three.

The agent can have the personal contact in two ways—through letters or through personal interviews. There are two ways of letter contacts one originating with the client and the other with the agent. Letters coming from the clients usually ask for the information about their policies or they call for exercising policy privileges or they make complaints. These letters should not be handled in a stereotyped fashion by a clerk in the office but some responsible head of the department should attend to it and if possible forward the same to the agent with a request to make a personal call on the clients and explain the whole thing. The client's letter may only seem a routine letter but every such letter is an opportunity for cementing good will by granting services to the Policy-holders. When the agent keeps up his good will with the policy-holder there is always a good chance of either getting further business from him or through him. But the agent at the same time will take care to see that he is

not too aggressive or making him feel that he is going to be flooded with letters.

The agent at the same time should not refrain from discussing insurance when the client himself starts the subject.

The letters asking for the fresh business from him should be sparingly sent but in its place letters, giving information about the new plans, assignment and such other things should be sent or mentioned at the time of the personal interview. It is always a good rule, in maintaining good will among the clients, for the agent to call on every client at least twice a year. The timing of his call is very important. He should generally see him either on his birth day or on the occasion of getting some promotion or on occasions of additions to his family. This should be distinctly a personal call, having no reference to business. The agent should simply congratulate him and do it in a manner that will convince the client that he really has a personal interest in him.

The dissatisfied client, as everybody knows, not only becomes an enemy of the company but generally becomes an enemy of Insurance in general; so, an alert agent should always try to convert the dissatisfied client to a satisfied client and to further good will. If the dissatisfied client presents a situation in which the agent or his company is wrong, the agent should always admit it and should take steps to have the matter set right. The dissatisfied client psychologically does not expect you to admit your wrong and if you admit it, you will take the wind out of his sails.

If the agent or the company is right and the client is wrong the agent should tactfully and firmly explain to the client the true situation. An explanation giving the facts graciously will, in most cases, bring a client to a reasonable frame of mind. The tactful handling of a dissatisfied client will convert him to a satisfied one and turn him into a champion not only of the company but of Insurance business in general. When the client sees that the agent and his company want to be fair, no matter what the case may be, then that client, if he be a man, will do everything in his power to rectify the injustice that has been caused by his dissatisfaction.

The best rule to maintain good will among the clients is for the agent to visualize the kind of insurance man to whom he would wish to entrust his insurance if he himself were a client and thereby to live up to the standard he would demand if he himself were the client.

The last but not the least thing which the agent and the company should do is to maintain the good will in the interest of life insurance business in general is to be very prompt in the settlement of claims and to render all the services which would facilitate the prompt payment of the claims which according to my experience brings much more new business than anything else.

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## INDIA FOR INDIANS IN INSURANCE.

BY

N. B. DAVE.

*Mr. Chairman and Gentlemen,*

It is with the greatest of pleasures that I rise to put before such a select meeting of persons of wide experience and knowledge in the Insurance line, a few points for consideration. The fact that we all meet here at the invitation of a band of enthusiastic patriots who, out of love for their Mother Land, have come forward with the great idea of uniting all the Companies of India into a Confederacy to fight, which is in a way also a National fight, is a sufficient proof that we are one and all ready to join hands with them.

It has long been proved, and actually confirmed by the last World War, that insurance in all the varied forms is a national institution. More than half the war loans had been covered by the Insurance Companies in each of the several belligerent countries, who thus supplied the sinews of war. The people and the Governments of every present day independent nation in the world cherish with care, and almost with anxiety, the interests of the indigenous Insurance Companies. The union of the two leave no ground for any foreign concerns to thrive amongst them. Only India is, in this respect, so to say, a "no-man's land" and open to be exploited by a number of foreign

companies our people are not only indifferent to what is happening, but should be even accused of matricidal policy by patronising these intruders. They are steadily killing the chances of their Motherland attaining Swaraj at an early date.

Every one of you present is aware that over 10 crores of rupees of the Indian money is drained out of the country every year through the instrument of the Foreign Insurance Companies. No other Nation on the face of the Earth is being bled in this way. Let us just ponder for a while how we would be treated by other Nations if we were to invade their soil in this fashion. Take the premier Insurance Company of India. Let the Oriental Insurance Co., Ltd., open an agency or a Branch in France, Germany, Italy, Japan or any other country in the world. Do you believe that, in spite of its solid position and admirable management, they would be able to secure sufficient business to enable them to pay for even half the expenses of maintaining such Office? Certainly not. If this is the reception we would and are sure to receive at these people's hands, why should we welcome them with open arms to the detriment of our country's interests? Have we no self-respect and the sense of self-preservation? I regret to say "NO"; for, else our conduct would be different.

Our leaders in the political arena and our representatives in the Councils and Assemblies have not yet given a thought to this momentous problem. We require legislation of the right type to keep away these strangers from our Native land, and not legislation to

stifle progress of the indigenous Concerns. A great and tremendous propaganda is absolutely necessary to educate our people and the Leaders as well.

The second measure I would suggest to counteract the foreign encroachment would be that all the present Companies writing Life Insurance alone should open Fire Branches, and those Companies at present writing Fire Insurance alone should open Life branches, and I estimate that we will thus have nearly fifty new Concerns. It is advisable to resort to this measure as it is difficult to float new Companies in face of the trade depression and shyness of the capital. The Fire Branch so opened can transact direct business or can remain merely a Treaty Office accepting re-insurances only.

In the Fire Insurance Business, we know, it is impossible to compete and successfully fight the Foreign rivals, and the existing Indian Companies cannot cover a total risk of millions of rupees. I would further suggest that there should be a Central Office maintained by all the Companies whose business it will be to distribute proportionately Fire Insurance Business to be secured by the Office directly. I admit that much will be left to be done in order to retain the whole of the Indian Insurance for Indian Companies. The help of Foreign Companies may be necessary in special cases, but a very big slice of the aggregate business will have remained in India. It will at any rate be a great stride forward towards the attainment of our ultimate goal. The Conference is to be held every year, and we need not try to exhaust all

the ways and means to improve the status of our local institutions at this first meeting. However, it is absolutely essential that we must put into practice all the suggestions that are put before us as far as our resources will permit.

We have already lost a great portion of the ground and we shall be called upon to put our heads together to retain it as early as possible. Fortunately for us, Insurance is still in its infancy in our land compared to the progress it has made in other hands. While in America the average insurance per head of inhabitants is about Rs. 2,000,—that in India is only Rs. 1-8-0. From this you can imagine how far behind we are lagging and whether it is not time to wake up and be doing.

I, therefore, beg to recommend the following suggestions :—

1. That the first Indian Insurance Conference urges that every Indian Company that has given its adherence to this Conference should write Insurance business both in Life and Fire. That is, those carrying on Life Insurance should also start Fire Insurance and vice versa.
2. That this Conference recommends that a Central Office be opened to secure Fire business. The profits, liabilities and maintenance of the Office shall be distributed amongst all the existing Offices in proportion to their share of

the Insured amount, which should vary according to the stability of each individual Concern.

Gentlemen, this is all I have to say on this occasion. Before I sit down, however, I must thank the Reception Committee for permitting me to speak at this meeting though I had not figured on the list of speakers at the beginning. I also thank this select audience for having given me a kind and patient hearing.

Wishing a rapid progress to the movement that has been initiated this day, in which each of us is expected to give his best, I take my seat.

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### **Life Insurance Companies going into Liquidation.**

BY

**G. S. Marathey.**

There is a wide spread opinion which is fostered by canvassers of some young companies, that 'Life Insurance' companies never fail. This statement is absurd from an absolute point of view, but to a certain extent there is truth in it. The reasons why a 'Life Insurance' company, particularly a company of some standing, is less prone to failure than other companies may be stated as follows.

(1) The nature of the assets. A large portion of the assets are, so to say, invested with the policyholders themselves, for the premiums to be received in future from the policyholders must be considered as assets when the sums assured to be paid as claims arise to be considered as liabilities, at their face value.

(2) Margin in with profit premiums. The provision for profits acts as a safety valve, as it is possible for a company technically to withhold bonuses for any length of time. There is thus a considerable opportunity for improvement before losses after exhausting this safety margin in the future premiums payable by the insured affect the sum assured itself which is the really guaranteed amount.

(4) Margin for expenses. The provision of this margin in the premiums includes provision for the heavier expenses on new business, and so far as the existing business is concerned, by the exercise of economy it is possible to reduce the expenses, so as to make up for past incapacity or indiscretions.

(4) Actuarial Valuations. These act as an indication and a check and disclose signs of weakness if any before it is too late.

(5) Safe investments. The sacredness of the Life Insurance business requires, and custom also endorses the practice, that investments of Life Insurance Companies should be as safe as possible and there should be no element of speculation in it. It is because all respectable companies keep this in view that the chances are minimised of heavy losses in that part of the assets which is represented by the Life Assurance Fund.

(6) Steadiness of claims. Such companies are not subject to a run like Banks or to heavy loss of capital all of a sudden like other trading companies. An Insurance Company can get ample time for recovering its position.

The rates of premiums are the basis of Life Insurance business and they must be prepared on a sound basis. With inadequately low rates of premiums a company cannot go on. A man buying a cheap article in the market need not care what happens to the dealer if he is selling below cost price, but a person buying Insurance at cheap rates must take some

risk, as his connection with the company does not cease but only begins when a policy is issued.

Even when the premiums are sound, the persons managing the company have to keep within the limits prescribed by the basis on which the premiums are constructed. The basis is mainly threefold (1) Mortality (2) Interest (3) Loading (or provision for expenses and profits). If there is heavy mortality owing to negligence in selection of lives, or loss of interest and perhaps of capital also owing to bad investment, or extravagance in expenditure, the company is bound to suffer.

When as the result of an Actuarial Valuation a deficit is disclosed which cannot be covered by the paid-up share capital, it becomes necessary to call up the unpaid share capital, and if even then the deficit is not covered the company must either get more capital subscribed or go into liquidation.

It more often happens that the Life Insurance department of a composite company doing other business also is quite solvent or even working at good profit, but heavy losses in other departments necessitate a liquidation of the whole company. In this case the Life Insurance business is transferred to some other Insurance Company. But the business is not an asset by itself, it is a liability and the assets represented by the Life Insurance Fund must go to the other Company along with the business. Even if one company cannot carry on Life business successfully, it is possible for another company to do so as the

addition of this new business to its existing business reduces its ratio of expenses. Also there might be better opportunities for the other company for more profitable investments of the premiums as they may be received.

When a company goes into liquidation, the courses open to it are.

(1) To return the policy value as obtained by Actuarial calculation to each policyholder, fully or proportionately as the funds in hand may permit.

(2) To transfer the business to some other company along with the funds represented by the actuarial reserve, the other company taking up the full liability or a proportionately reduced liability according as the Life Assurance Fund is sufficient or insufficient to cover the Actuarial reserve.

The first method should be resorted to only if there is no other company willing to take up the business by transfer, because returning of the reserve in cash to a policyholder is a great hardship to him. In the first plan he gets back only a part of the amount paid by him in premiums ; and in the second place the chances are many against his life continuing to be insurable, and insurance is the most important thing to be lost. At the time of winding up of a composite company which recently went into liquidation in Bombay with a very solvent and profitable Life Department, this method of returning the money was adopted under orders from the High Court, though there were a number of Companies desirous of taking

up the business, and it was a pity that the disadvantages referred to above were not pressed on the notice of the Judge on behalf of the helpless policyholders.

I conclude this after pointing out one defect in the provision for winding up in the Life Assurance Companies Act. In that Act the provision for valuation allows the value of the sum assured and the attaching bonuses only as the share of the policyholders and the surplus is given wholly to the shareholders. The articles provide that while the Company is working in a solvent condition the policyholders are to be entitled to a percentage of the profits (generally 90 p. c), but as soon as the Company becomes insolvent, the policyholders apparently lose this right. As the management is to a great extent in the hands of the shareholders, it can be possible for a group of unscrupulous persons to appropriate to themselves a huge surplus by cornering the shares and then taking the company into liquidation even though it is working well.

I must apologise for the shortness of this paper, but considering the time at the disposal of the conference, I think you will be glad that the paper is not lengthier.

## CHILD INSURANCE

BY

(C. G. FOZDAR.)

*Mr. President, Brother delegates and Gentlemen.*

I think I am not breaking any rules of etiquette of the committee of the organisers of this Conference when I tell you that I happened to be present at one of such deliberations when they were discussing as to the nature of subjects on life insurance and the persons who should be requested to read them. I casually mentioned that some one may be requested to say something on this subject and the Secretaries and the members then present penalised me for this suggestion, by asking me to say something on this subject myself. Although I cannot claim any authority or expert knowledge on the point, in obedience to the Secretaries' wishes I will make a few observations and trust you will not be disappointed when I say that Child Insurance is a subject which is quite in its childhood having no history or development to boast of, as in the case of ordinary life, fire or marine insurance. Therefore I am afraid I will not be able to quote to you any illuminating statistics to interest you as has been done by our friends yesterday.

This branch of insurance has not yet attained any degree of success although recently there are companies offering some schemes of provision for marriage and

education. We have yet to see how far the present schemes can be made popular looking to the fact that the rates of premium are generally as high as those for adults. Of course from Co's point of view the rates must be consistent with risk but I am not aware of sufficient authoritative statistics and other materials available to form the correct basis of premium rates.

It may therefore be safely left to the Actuaries to say whether this branch of business can or cannot be worked profitably with reduced rates of premium.

However, I notice some demand for this class of insurance by some parents but they are prevented to take advantage of these schemes seeing the rate of premiums.

Even in other countries this class of insurance does not seem to have made any appreciable headway, but I do not see why we in this country should not attempt to tackle this branch of insurance more seriously than we have done so far. Of course there may be some difficulties in this country such as the want of reliable statistics of birth and mortality of children.

However, my object in drawing your attention is that some serious attempts be made by the Companies and their Actuaries to popularise the children insurance schemes so that the idea of life insurance and its value may well take root in the young age so as to prepare the ground for larger policies which means larger business alround, when boys come to age, start in life and the girls when they become wives and

mothers will insist on their husbands and sons to take out life insurance policies.

This will be the surest way to drive away the present day superstition of women folk in our country against life insurance policies. Many of our field brothers will tell you as to the number of policies they have lost after much waste of time and energy due to the false sentiment of their prospective client's mothers or wives. This would mean that your propaganda touches right at the bottom of the rock, begins from the youth of this country who will grow up with the valueable idea of life insurance, its necessity and importance. You will then need no big advertisements to convince or propaganda to educate people about the necessity of life insurance, because your field will be ready made and it is only then a question of filling in the proposals.

Let us hope therefore that the Companies will devote some attention to utilise this field with a view to larger insurance business in this country.

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## **Insurance Business in General and Life Assurance in Particular.**

BY

**A. E. FERNANDEZ.**

*Mr. President and gentlemen,*

I thank you for the opportunity given to me to speak on a subject which is not of mere academic interest, but of very great practical value judging from an economic point of view not only to individuals but to nations as well.

The importance of Insurance cannot be overestimated and the fact that so many new Insurance Companies are springing up in rapid succession bears ample testimony to this.

There is talk even of forming an Insurance Syndicate in India and of nationalising the Insurance business and save to the country the enormous profits that now fatten the foreign Companies.

Now a glance around will show that Life is so uncertain, misery and poverty so rampant, accident so frequent, burglary and dishonesty so general, destruction by fire so common, the sea so unruly, earthquakes and similar catastrophies so many, and risks in general so numerous, that the necessity of insurance is felt very keenly by the world at large.

1. Widows cry that they have been left destitute.
2. Sons moan that their education has not been provided for.
3. Daughters wail that they are peniless to pay their dowry.
4. Creditors upbraid the dead man over his cold ashes.
5. Business houses go into Liquidation.
6. Merchants become insolvent.
7. Shipping and clearing companies are dissolved.

And all this is due to the colossal ignorance on the part of the majority of the general public of the idea of Insurance, despite their knowledge that no other provision has been made owing to their narrow means.

To dispell this darkness is therefore my main aim this evening, and I sincerely hope that this will have the desired effect. Viz. to impulse those of us who have not done so, to rush to some Insurance Co. or other and insure ourselves and our things and thus not only safe guard our own interest, but also merit the Benediction of those who would otherwise curse us.

So let me now define what Insurance in general means and point out to you a few of its advantages— Insurance is a contract whereby a person undertakes in consideration of a payment called the premium to indemnify another against some risk or loss or to pay a person a certain sum of money at the expiry of a

certain period or to pay his nominees or representatives in the event of the assured's death during the period of assurance.

The system of insurance has been so extended during recent years, that there is no form of risk that cannot be insured. But the leading kinds of Insurance are the Marine Insurance, Fire Insurance and Life Insurance.

Insurance against burglary or housebreaking is analogous to Fire insurance, as also Guarantee Insurance, that is, a form of insurance in which the Insurer undertakes to make good losses by dishonesty of servants and officials. Accident Insurance, Marriage Endowment Insurance, and Educational Endowment Insurance, are akin to Life Insurance.

Insurance therefore is the safe and sound foundation on which modern business rests. It would be difficult to estimate its ramifications, or to measure the extent of its operations. It is the justification of business enterprise, it enables expansions and developments to be carried out on a scale which would be impossible, were the risks involved forced to be borne by individuals. This truth applies equally to hazards concerning the sea, the land, and the person; it holds good with communities, with companies, and individuals.

Let us consider for a moment the giant liner that crosses the ocean. It is the completed task of an army of designers, engineers, and skilled mechanics and

workmen. Its intrinsic value amounts to many millions of sterlings. It runs the hazard of loss every time it puts to sea. It carries a crew of hundreds of men, upon whose earning power their families depend ; their personal safety is involved with every voyage they take. It carries hundreds—some times thousands—of passengers, whose lives are important, not only to their families, but to their communities and to their businesses. We cannot estimate the exposure to loss here. Then there is the cargo, often representing a greater value than the ship itself—all at hazard. Such colossal risks of loss could never be undertaken by individuals ; but for the Institution of Assurance, ships would be limitted in size, crews would be small, passengers few, cargoes scanty. The great fabric of international trade, which essentially depends upon the facility and ease with which transportation can be effected, would be cramped and stultified.

On land we see enterprises and transactions carried out every day which but for assurance could never be undertaken. Vast buildings are erected ; hazards of fire and other forms of disaster are involved. risks too great for ordinary men for even small groups of ordinary men, to assume. Corporations acquire large holdings for the purpose of expanding their business ; they look around for assurance companies to indemnify them against losses which would ruin them. The humble salary earner satisfies a life's ambition by buying a house ; he shoulders a mortgage which will take the labour of years to pay off. If fire should destroy his house, it destroys his equity as well

as the monument of his life's endeavour, and leaves him to labour the rest of his days to pay the mortgage on a property which he no longer possesses. He must place this great hazard with a Fire Insurance Company ; but for this friendly protection he could never safely have aspired to the ownership of a home.

There are hazards, too, directly, affecting the person, such as the risk of ill-health, accident, and loss of employment. Assurance Companies have been formed to relieve individuals of the anxieties incidental to these misfortunes. Nations and states and provinces have in many instances recognized these hazards to the degree of passing compulsory compensation acts which provide allowances for injuries attributable to occupation, in some of the older countries—Great Britain for example—the whole working population has been indemnified against sickness and unemployment, as well as the poverty so often attendant upon old age. So we see that there is a universal recognition of the principle that the individual is beset with hazards which he individually, is incapable of fully providing for.

These illustrations suffice to indicate the multitudinous—ramifications of assurance, and to suggest the extent to which human progress is promoted by the adoption of the general principle of spreading risks over great numbers of people. They simply demonstrate the accepted fact of human interdependance. It may be appropriate to remark that an important effect of this principle is that the army of people who through the medium of assurance are shouldering each others

risks, become interested in reducing hazards, for the losses which occur chiefly control the amount of their individual contributions to the common fund. Thus we see constant improvements in the sea-worthiness of vessels; exacting requirements imposed on the crews that man them; coast guard services created, light houses erected, seas chartered, and other methods adopted to secure safety at sea. Public opinion, largely stirred by the spread of interest through contributions, has forced these reforms, and vast economics have resulted. We may trace the "safety" movement in industry and the public interest in fire prevention, to the same causes.

Now to come to the subject proper of this evening we can say that in this great fabric of assurance, Life Assurance is of supreme importance, for it is designed to hedge the economic losses involved in the loss of human life. A man's life, it goes without saying, is his most valuable possession. Every man must be superior to the thing he creates, so the value of human life must far exceed that of material things. Even so, the disparity between the total economic value of human life and the amount by which it is indemnified, is far greater than that of any of the classes of assurance to which I have referred.

As to the origin of Life Assurance I may say it is a device of man—some say of the devil, since Solomon made the smart remark that "There is no new thing under the Sun." It was in 1706 in England the first Life Insurance office "The Amicable" commenced business, amidst many prophecies of failure

and loud denunciations that it was flying in the face of Providence. Its plan was to insure all, the young and the old, the sick and the sound, at one uniform rate at £5 per cent per annum and £7/-per cent entrance money and it succeeded well. Other offices soon followed in England and in other parts of Europe, but the French to maintain their usual consistency of character decreed it unlawful, because it is an offence against public decency to set a price upon the life of a free man which is above all valuation.

The system of Life Insurance is now firmly established in Europe specially in England, and is rapidly growing into favour in United States and is daily becoming an essential ingredient in all the pecuniary transactions of the provident. It is the duty of every pay man whose income depends upon his own exertions to lay up a small portion of his earnings to provide for that day when his family would be deprived of his ability to support them.

Life assurance therefore like every other form of insurance is merely a contract of indemnity to indemnify the insured person for the loss sustained on the happening of the event, insured against,—in this case, death—but unlike other forms of insurance it is not possible to reduce to a monetary value the actual loss sustained. It behoves life offices therefore and ultimately if necessary the law-courts to watch that people do not assure their lives out of all proportion to their means and position in life nor gamble on the lives of others by whose death they incur no loss.

In its earliest days life assurance contract was of the simplest :—merely in consideration of payment of the premium or subscription, a fixed sum or a proportion of the accumulations was paid on the death of the assured, no surrender value or other return in the event of discontinuing the premium nor share in the profits made being allowed. In process of time however indifference to competition and from a sense of fairness all the various concessions and privileges now enjoyed were gradually evolved, the endowment assurance and other special forms of policy being later and natural developments. By means of these a life policy has now so developed from the simple death indemnity that it originally was that by a combination of different forms of assurance and annuities, it has now generally become a remunerative and attractive form of investment, which it is difficult to equal or surpass by other means, in addition to the death indemnity, more particularly for the rich man to whom the family provision is a secondary consideration and who can afford relatively large sums for investment. Practically every conceivable contingency can be met and provided for by various combinations. Only too frequently however people forget or ignore the primary or main outstanding object of life assurance and regard it too much from a personal or investment point of view. This does not so much matter for the man who takes a policy mainly as an investment and to whom family provision is a secondary consideration but how often is or should this be the case? With the rapid spread of education in these days it should hardly be necessary to have to emphasise the

extreme utility of, absolute necessity and obligation for life assurance as a death provision in the case of the very large majority of the inhabitants of any country, and while in the abstract few people would wish to deny this, when it comes to the practical personal application how many fail to act up to it! The various poor-laws or their equivalent, the numerous charitable institutions, orphanages, private charity, the recognised necessity for state or compulsory insurance and pensions introduced in European countries and yet in spite of all these the widespread want and distress known to all is convincing and incontestable proof enough of this fact, if any proof is wanted. Yet in life assurance in some form or forms, and in life assurance alone, can a remedy for this state of affairs be found. Thus we see that life assurance has a National and Imperial aspect as well as a personal one. But men are generally under assured. There are two reasons for this viz, first if a man spends a thousand rupees on furniture, he has a very clear idea of the value of that furniture to him. He realizes completely and concisely what these thousand rupees represent in work and effect and self denial. He does not want the experience of accumulating it again; he will run no avoidable risk of his furniture being destroyed. He finds he can protect himself against its destruction by fire by paying an assurance company a few rupees to take the risk for him. His hazard, in short is self-evident, and does not need demonstration.

Now he has not merely the same clear conception of the value of his own life, nor can he so definitely

realize the hazard which threatens it. Every man thinks he will live for ever. It is difficult to imagine oneself dead. One may accept the general principle that he will be dead some time; but he can not think of a definite time when he will be dead. When he thinks of Life Assurance he does not think of it as an immediate necessity; he may think of it as an ultimate necessity; but he can go no farther than that. Nearly every man intends to assure sometime, but to-morrow is as good as to-day. That is one reason.

The second reason is that the essential principle of Life Assurance is its protective element—that is protection of others, not of the assurer himself. A man is much more quickly appreciative of losses which threaten him than he is of the losses to which he may be exposing others. Some men are selfish, and indifferent of their moral obligations of their dependents; others are generous, have affectionate impulses, have lots of good intentions, but they are either careless or neglectful, or have not the faculty of appreciating their economic value to their families. In short, a man's value in rupees to his family has usually to be pointed out to him definitely and directly before he realizes it.

Then in addition there is some public reluctance to refer to a man's economic value, where, as the same delicacy does not apply to material things. Recently there was a devastating fire in Japan, in which two firemen lost their lives and forty dwellings were destroyed. The newspapers featured in their head lines the value of the property involved, and the extent

to which it was protected by assurance. Much concern was expressed that in one case the assurance was inadequate, and the proprietors lost some money. The two firemen had large families; but we did not see any newspaper reference to the economic loss which their deaths represented, either to their community or to their families; nor did we see any reference to the amount by which these families were indemnified against the supreme loss which had overtaken them. We did see some reference to the benevolent funds, and some suggestions for the support of the bereaved families by charity. So we see that the margin between genuine insurable interest and assurance placed is a wide one. It will be bridged by education, and that task lies with the life Insurance companies or rather with their Agents who form their point of contact with the public. A factor which has assisted substantially in securing this improving realization of assurance needs, is, the action of Government, of the many countries involved in the great war in placing an economic value on their soldiers. These values are evidenced by the compulsory assurance scheme of the United States and by the income allowances made to widows and orphans of soldiers in other countries. The fact that large numbers of people are in receipt of allowances of this nature, has assisted public comprehension of the value of Life Assurance. The advantages of Life Assurance to the state and to the individual are by no means confined to the benefits it disburses in connection with claims. A natural function of life companies is to concentrate the savings represented by the premiums paid by their

policyholders, holding the great funds so created in trust against the time when claims must be paid. These funds of course are not kept idle, they are applied to useful and productive purposes. So we see that the obvious effect of Life Insurance is that it will turn a frightful liability of ignorance, ill health and vice into an asset of sturdy, educated and informed citizenship. It will relieve taxes in the degree in which it removes the necessity of the poor house, the asylum, the hospital for the aged and the prison. It will protect self-respecting people from the stigma of receiving charity, and give to the despondent a new hope in life. It will preserve countless homes, and promote family life, a priceless asset to the nation. By its support of business, industry and prosperity will be promoted.

We see then that Life Assurance does more than protect the individual assurer, it assists substantially in promoting that general prosperity upon which the individual depends for his own material comfort and progress. Thus do the people receive dual benefit. We may well have confidence in the Institution of Life Assurance for what it is and what it does.

In no less degree may we have confidence in the ability of their legal reserve, Life Assurance companies to meet the vast obligations to which they are committed. If some prophet could have foretold away back in 1914 that the world was to be thrust into a war involving forty nations and fifty millions of people, no man would have dared to hazard the expectation that the Institution of Life Assurance,

which primarily must depend upon the continuance of human life for its prosperity could withstand so great a test. It was a calamity for which no provision had been made ; against which the limitation of liability had been imposed ; but the Life Assurance Companies faced their tremendous losses without a tremor. They survived the greatest ordeal of all history, paying out their claims in full, and in many cases continuing to pay dividends to their policy holders. This severe trial of strength was to be followed by a scourge which exceeded in the number of its Victims the mortality of the war, the influenza epidemic which laid its destroying hand equally upon all countries and all peoples. But the Life Insurance companies emerged inviolate ; the tribulations that beset them, served only to demonstrate their strength.

The war has proved, if it has proved nothing else, that the individual must sink his individuality and that all must work together for the good of the state, even if some apparent present sacrifice to themselves as only by so doing do they secure their own good in its trust, highest and most permanent sense.

Fortunately in the matter of Life Assurance the process is simplified for the individual as he is only required to work for the good of his own family in order to best serve the state. If this principle is in the main conceded then it follows that no man can without sufficient private means has any more right to refuse to assure his life than he has to refuse his family bread and not only so that he has no right to assure for any smaller sum than that will maintain

his family in some such position as that in which they have been brought up and to which they have been accustomed.

Some may say that "this is excellent in theory and Life Assurance is a most excellent institution but I personally cannot afford it." The reply that is "He can and must afford it and he would find the way if he thoroughly realised his duty and acted up to it." If his wife or child gets ill, he does not sit down and cry that he cannot afford a Doctor but he simply calls in the Doctor by self denial or otherwise, so rearranges his affairs as to be able to afford the help of a Doctor, so too in other matters in which his own immediate personal interest is arround. But the man who knows that he is to die to-morrow or next month or next year or at some time, and his wife and children would be reduced to straightened circumstances, if not to actual want, what right has he to close his eyes and ears to the fact and without making any effort be satisfied to plead that he cannot afford to assure? Remember that however poor a man may be there is always some one else who is poorer. He almost certainly has friends who have a smaller income than himself and yet thy manage to pull along somehow and very often just as comfortably as he does himself. Let us emulate their example and the necessary margin for that policy will find it self. If it was the man himself who was to be reduced to poverty to-morrow or next year or even twenty years hence and he knew that he could absolutely and certainly avert it by so simple and so cheap a means

as a life policy, do you believe that he would still plead inability? I very greatly doubt it. It is not pleasant to realise it but if one looks facts straight in the face I think that one must admit that the man who goes his own way day after day knowing full well that his wife and children are wholly and insufficiently provided for and is content to silence his conscience with the old plea of inability is nothing but a selfish coward; the worst enemy of his kith and kin and a traitor to the state. Whether he so acts wilfully or thoughtlessly makes no difference in fact and little in degree. If it was the man himself who was to suffer for his neglect after his death would he ever rest until he had done everything that lay in his power to provide for it. I think not. Why then just because it is another, and that his nearest and dearest. Who is to suffer, and because it is a future, not a present contingency, why, I say, should he be allowed to ignore his most obvious duty which should be at once his greatest pleasure and pride? The ease of mind unguarded by the knowledge that come what may, his dear ones are provided for, will be found in itself more than ample recompense for any sacrifice involved and would not a little strengthen him for the battle of life both morally and physically.

One thing more, having secured your assurance hold on to it. Never allow yourself to be induced to let it go unless you are satisfied that you can secure a really better policy elsewhere and even then secure the better policy first before you let the other go. It can hardly be necessary to expose the all two

common fallacy that a provident fund or a private savings are in any sense the equivalent of a life policy. They might be provided if you could guarantee that you would live 20, 25 or 30 years or so and could be certain of your ability and willingness to add your contribution or savings regularly and without a break, but not otherwise. They are both excellent in themselves, but let us make certain of the future by getting the life policy first and then by all means invest our surplus as we will.

Some one may say "All that is very true but it is not every one who can assure as Life offices always decline some risks."

That unfortunately is only too true but even there the fault lies largely with the public. Investigation into the subject have led to the conclusion that in the large majority of declinatures, delay has been one of the chief factors. Many a life which has been declined today would have been surely accepted if it had been proposed yesterday. Further if every man in our ideal State proposed for assurance it is practically certain that an assurable value of some sort could be assigned to every life as Life assurance is based on the law of averages and if a sufficient number of lives was offering good, bad, and indifferent, it is almost certain that it would be found possible to calculate rates at which practically every life could be assured.

Now what am I to say of those who in spite of these warnings fail to assure theirs lives, rather willfully

neglect saying that they cannot afford when we actually see them going in for luxuries. If every one of us were to be true to ourselves and to our families and never put on false feathers when we actually cannot afford to do some things but always thought of keeping this money for a future contingency by paying to a Life policy, oh how happy we would be in our old age and when we are at the point of death, and what about the man who had never thought of savings this way at least when his income was actually small, and when his daughters growing up to a marriageable age, sons craving for education, wife growing desperate, creditors pressing for payments.

And so when the final summons comes to this type of man and you know that death is near, what will be his last thoughts, what will be his greatest anxiety, what will be his chief apprehensions, and what will bring him in this last hour, either inexpressible grief and selfaccusation or profound joy and peace even in the face of death?

Will his last thoughts be of himself, will anxiety and apprehensions be of his own hereafter! Ask those who are called upon to watch at the bedside of the dying. Ask the faithful family doctor to whom dying men confide their innermost thoughts.

They will tell you that when in the Shadow of death, his one and his only thought, his one and only anxiety, will be for wife and children; will they continue to live as they had lived while he was their protector? or will they have to go out into the world unaided

and unprepared to fight the battle alone? Will the mother be able to do for the children all that she and he had planned together to do for them when they got married, or will these plans have to be abandoned? Will she be assured even a living income, an income that will clothe and feed and keep the family together? Or must she seek employment and the home and the family be broken up? Or as a last extreme will she be forced to rely upon the charity of relatives or others which thousands of mothers who had seen better days have had to do?

These will be his last thoughts. These will be the questions that will burden his mind and conscience, and the answer to these questions will bring him either sweet peace or the bitterest sorrow. In proof of these let me read the words of the old physician published recently in the Ohio State Journal as follows:—

A physician of long experience told us the other day, that when the time comes few men dread death itself for themselves. There seems to be some kind provision of nature which influences men to meet the inevitable calmly and almost contentedly. What they do dread he said, is leaving their families unprovided for and he told of some sad scenes where men about to die repented in bitter self-reproach their failure to assure, while yet there was time, the comfortable future of those looking to them for material support.

Commenting on the above, the Journal very appropriately adds:—

Have you all the life insurance you can safely carry? That may sound rather material, even irreverent, but the old physician's testimony shows how essential to one's spiritual peace material things may be.

One may have been respected and honoured by his fellowmen, he may have been a pillar in the Church, he may have been the leader of his community, he may have been a kind and generous husband and father, he may have been all these and yet, if he had sinned away the last opportunity that life and health had given him to provide for his own, his last moments, will be moments of mental anguish and remorse.

And when his time has come, when he lays his head on his pillow for the last time and the end of the road is in sight, he then will realize that the one great problem, the one supreme and over shadowing purpose and desire of life is to provide for wife and children both now and in future.

"How are we to do this"? You ask; you may not believe it, but aside from their life insurance, comparatively few men leave their families anything worthwhile, if anything at all, after the debts and bills are paid. In almost every instance, it is life Insurance that keeps the widow and children from want, it is life insurance that clothes and feeds and sends the children to school and gives them a fighting chance in life; and it is life insurance that enables a man to live in peace and to die in peace, without

fear or apprehension for the future. Therefore life Insurance is the only answer. It is Philanthropy reduced to a business basis and surely in what it has accomplished we may observe all the positive advantages of Philanthropy lacking only that element of charity which is so often repugnant to dignity.

But let it also be said that the policies you only intended to take and those which you did take but thoughtlessly gave up will be of no comfort or satisfaction to you at the end of the road. They will taunt you. As an example of this take the case of a young man whom an Insurance Agent had repeatedly urged to take a Life Policy but without avail. His only excuse had been that he was not quite ready."

But one day he told the agent that if he were to call at his place on a certain Saturday he would then make an application for insurance. The agent went to his place as appointed but he had to return with his familiar excuse that he was not quite ready.

An appointment was then made that the agent should meet him on a Monday but a day before that is on Saturday however the young man was taken ill and on Sunday was conveyed to the Hospital where he died of typhoid the following Thursday. He left no estate whatever, and no insurance, and the poor widow had to call upon friends to pay the burial expenses and the expenses of conveying herself and the little child back to her fathers. Those who were at the bed side during this young man's last hours des-

cribe the scene as one never to be forgotten. His thought of wife and little son in whom his very affection had been centered, but for whose future he had so thoughtlessly and so cruelly failed to make even the slightest provision, caused him to rave in bitterness for his neglect. His mental agony is said to have been indescribable.

So our consolation both now and in the future, will come only from the policies we actually have to-day and every day to the end. Therefore, let nothing prevent us from making this provision now while we are in health and life insurance may be had, and when once we have been accepted for life insurance and have the policies safely in our hands, let no sacrifice, no fancied hardship, no moment of discouragement ever tempt us either to give them up or to encumber them.

They will be our most precious possession and the harder pressed we are, the more precious we should hold them to be. If you do accept the experience of those who have gone before and the testimony of the physicians and others who minister to the dying, then you will realize that it is only by obeying these solemn warning's that we will be assured peace along the way and peace when we reach the end.

The resolution was carried unanimously.

The third resolution also moved from the chair and passed unanimously was as follows:—"That the proceedings of this Conference be printed in a book form and a copy thereof be sent to all the members of this Conference, delegates, public bodies and other persons interested in the Insurance business and that the cost thereof shall be borne by all the Indian Insurance Companies—Members of the Conference."

Mr. R.J.Duff next moved:—

"This Conference of the Indian Insurance companies requests that the Government of India will be pleased to take necessary steps with a view to obtaining correct statistics every year in regard to the Insurance business transacted in this country by all the insurance companies (Indian and Non-Indian) under various headings such as, life, fire, marine, motor car, Work men's compensation and other classes of insurance showing premiums, losses, expenses and funds and to make such information available to the public soon thereafter. This Conference hopes that before taking action in this matter Government will be pleased to consult the various Insurance Associations as the final form in which particulars could be given."

He said, "Gentlemen, I have nothing to say about this resolution except that to-day there is no effective means of ascertaining the total premiums paid in India. We want to get at them and we also want to get the proportion of payment in Indian and non-Indian Insurance Companies."

### **The Conference next Proceeded with passing of resolutions.**

The first resolution moved from the Chair ran thus:—

"This Conference of the Indian Insurance Companies calls upon the Indian insuring public in general and the mercantile community in particular to place all their insurances whether life, fire, marine, accident etc. as far as possible with the Indian Insurance Companies."

The resolution was adopted unanimously.

(2) "That the thanks of this conference be conveyed to all Insurance officials and other gentlemen who very kindly undertook to prepare able, instructive and interesting papers for the conference".

The President in moving the resolution said he was sure that one and all in the conference were extremely interested in the subjects treated. When he was proposed to the chair by Mr. Mody, the ground adduced to justify his election was that he was connected with the Tata Company which had wide and varied activities, not the least among which being the New India Insurance of which he was the present chairman. But after listening to the able papers read before the Conference, he almost felt that he became an expert in insurance. (hear, hear).

Pandit K. Santanam, seconding the resolution, said. "Mr. President and gentlemen, I have great pleasure in seconding the resolution which has been put before you by Mr. Duff. I shall only draw your attention to the fact that in India at the present day there is only the Government account about the Insurance companies. Beyond that there is no other source of information available with the result that when we come to a Conference of this kind we find ourselves very much handicapped when concrete proposals either in the way of new legislation or in the way of new rules of procedure have to be put forth. From my own experience I can tell you that once when I asked for information concerning the working of the American insurance Companies I light heartedly wrote to some American company, in the United States. They sent me three big volumes dealing with life, fire and marine insurance. I had to pay about Rs. 100 for that. It is only from proper statistics that you can see the exact amount of work done by Companies. Here we are absolutely helpless, and further, not only are the people connected with Insurance companies handicapped for want of information regarding this, but when you go to the public also you find general ignorance among them. It is very difficult to persuade them that by their action they are not looking after the interests of the country. You have heard from the papers before you that the sums that are estimated to go out of India in the shape of premiums are estimated to range from 10 to 25 crores of rupees. You might be perhaps puzzled, but there is no help for that. It is only an estimate that you have; you have no other materials. It is for this

reason that we want to pass this resolution. We want proper statistics to be presented in the form of books in India and I feel that when you know all the defects in the existing system you will have no hesitation in accepting this proposition unanimously."

The resolution was passed unanimously,:.

The following resolution was moved by Mr. Lalji Naranji:—

"That in the opinion of this conference it is necessary that Government should take early steps for the introduction of the Insurance Bill before the Legislature and that when this Bill comes before such body at least two representatives of Indian Insurance Companies representing Life and general class of business respectively be nominated."

Speaking on the resolution he said, "The resolution I am moving can be divided into two parts. In the first part we call upon the Government to take early steps for the introduction of the Indian Insurance Bill in the Legislature. There is no difference of opinion between us and the Government as to the necessity of the Bill. They have been telling us so since 1923, but the measure was delayed, they allege, owing to reasons beyond their control. The only difference between us and Government on this question is in the word early."

In moving this resolution my task is very easy, because I have not to make out at this Conference a case for the introduction of this Bill. Government

themselves have recognised the necessity for it. Till October last the Indian Merchants' Chamber had been pursuing the subject since 1920. In 1923, Government recognising the need for the Bill made a start. At the same time another Bill was introduced in the Assembly by Mr. Jamnadas Mehta. These Bills were delayed for one reason or another, though Sir George Rainy says that he has no desire to delay the introduction of the Bill a day longer than is necessary.

I have written this just to tell you that the insurance question is not being over-looked and neglected.

The position, therefore, with regard to this Bill is that there is no difference of opinion between us and the Government as to its enactment; the only difference is in the pace at which we wish it to be put through. I could assure this Conference that the Government of India are as anxious as we are to introduce this Bill. They appear to be awaiting the result of the Insurance Legislation that is being introduced in England before deciding the form in which it should be introduced in India. My resolution does not, however, refer to the contents of the Bill. I am restricting the resolution to take early steps in the introduction of the Bill.

I say that early steps should be taken for the following reason. The Government of India claim that they are the trustees of this country. The Insurance companies are the trustees of the insuring public. Is it not their paramount duty not to delay any longer the passing of this Bill? I hope that the pressure of

public opinion and the proceedings of this Conference will weigh with the Commerce Member and that before long we would have a satisfactory Bill produced before the country.

In the other part of the resolution suggests that when the Bill is brought before the legislature at least two representatives of the Indian Insurance Companies representing Life and General Class of business should be nominated to the Legislature. It is essential that when considering this Bill Government should have the advantage of consulting persons who have studied the subject and are experts on the subject. The Government say that they are anxious to make a clean job of the Insurance Bill. If they are really so they should have technical men who are actively interested in the business."

Mr. Girdharilal Mallick seconding the resolution said that the demands put forward in the resolution were so modest and their reasonableness so self-evident that no further reasonings were necessary to establish their justification. He hoped the proposition would be carried unanimously.

The resolution was put to the vote and carried unanimously.

**Mr. Girdharilal next Proposed :-**

That a Committee consisting of the following gentlemen with power to add to their number be formed to be known as the Standing Committee of the Indian Insurance Companies' Conference to popularise and carry on the work of the Conference. This Com-

mittee shall function until such time as a new Committee is appointed at the next Conference :—

Mr. N. B. Saklatwala, C. I. E. *President.*

„ Lalji Naranji, J. P., M. L. C. *Vice President.*

**MEMBERS.**

Mr. H. E. Jones.

„ J. C. Setalvad.

„ C. G. Fozdar.

„ E. F. Allum.

„ H. L. Humphreys.

„ N. Datta.

„ Girdharlal Mallick.

„ Girdharilal.

„ Pandit K. Santanam.

„ J. C. Sen.

„ V. Mangayya.

„ S. Kaboor.

„ S. M. Pandharipande.

„ R. J. Duff.

„ Kanchanlal Varajdas.

„ G. S. Marathey.

„ K. S. Ramchandra Iyer.

„ N. J. Gor. } *Secretaries,*  
                  } *Ex. Officio.*

Mr. Girdharilal said they had met there in conference as practical business men and the resolution which he had the honour of moving was a business

like resolution. It would enable them to follow up the proceedings of the conference by giving effect to them. In the matter of Life Insurance it was most important that they should do intensive propaganda not only in the towns but also in the villages so as to bring the message of life insurance within the reach of every man and woman who would benefit by it, and for this purpose it was necessary to set up a Standing Committee to carry out in practice the decisions of the conference, as well as to carry out the propaganda. The speaker also referred to the proposed insurance legislation by the Government and hoped the committee will make efforts, by getting into touch with the Government, to ensure that proper safeguards are provided in the legislation in the interests of Indian insurance. He reminded them that insurance was the backbone of all civilized countries where the respective governments helped their insurance organisations and it was high time that similar efforts were made in India. He hoped the committee would see that Indian insurance was developed by the proposed legislation.

Mr. Kanchanlal Varajdas seconded the proposition which was put to vote and carried unanimously.

Mr. B. F. Madon moved the following resolution :—

“ That the thanks of this Conference be conveyed to the Indian Insurance Companies' Delegation (now Association) for the good work they have done during the last year on behalf of the Indian Insurance Companies and whose efforts in a great measure resulted in the holding of this Conference.”

In doing so he said, "There is no need to commend this resolution for the consideration of those in the insurance business, for they are familiar with the work that has been done in the past 12 months by what is called the Indian Insurance Companies' Delegation. The gentlemen who formed the Delegation worked extremely hard in carrying on propaganda in the cause of Indian Insurance by trying to induce the public to place all their business as far as possible with Indian Insurance Companies and by trying to convince them that it was not merely in the interests of the Companies that they should encourage Indian concerns but ultimately in their own interests and in the larger interests of the country's economic development and prosperity. The members of the delegation have induced the public in many other ways and I may be permitted to say that their efforts have not been in vain although I cannot claim that they have been highly successful. The reason for this was that the foreign Insurance Companies operating in this country have had a long standing and they are strongly entrenched. When you have an enemy who is strongly entrenched and you want to conquer his territory he will certainly see that getting into his trenches and conquering his territory are not made an easy job. Our friends who have been working in the Delegation have, however, not allowed themselves to be discouraged by the difficulties, serious as they are, of the situation. They have gone whole-heartedly into the work for months and to-day we are just beginning to feel that some impression has been made on the fortification of the enemy and that there will come a day

when we may hope to capture his trenches and go to his territories. (cheers). Let us hope that the day is not very far off when the Indian Insurance Companies will come into what is really their own. (cheers). The insurance business of Indians, of Indian merchants and Indian property should legitimately and rightly go to Indian companies. I am sure you will all agree on that point.

Perhaps it is not clearly understood by public that insurance is one of the forms of thrift. It is one of the most important forms in which a country builds up enormous funds which go to its industrial and other developments. You will therefore agree that we are not to give the non-Indian companies the benefit of thrift, these companies which carry away the funds that we save to their own country to be invested for the development of their own industries. (hear, hear). I hope you will agree that it is certainly wrong to do so. And it is time that we in this country tried to remedy the situation and see that the funds remain in this country. The Indian Insurance Delegation has in the last year or two succeeded in convincing the public that what they have been doing up to now was not in the best interests of the country and therefore, of their own. We hope that the delegation as it now is will carry on the good work that it has taken up and that in the next few years we shall be able to rejoice at the result that we may have then obtained. I am sure you will all join with me in thanking the Indian Insurance Delegation for the efforts they have made for the development of Indian Insurance business." (applause).

The resolution duly seconded was adopted unanimously. (President's concluding remarks.)

The President in bringing the proceedings to a close said, "We have now come to the end of the Session. I use the word session advisedly, because it is only the Session and not the Conference itself, that has come to an end. The work of the Conference has just begun. You have left that work to the Committee that has been just formed and I am pretty confident that we shall soon see the practical results of their efforts. Their efforts will be found in the number of Indian gentlemen and business firms that have brought over their business from non-Indian to Indian Insurance companies.

After all the speeches that have been made I do not wish to inflict on you any further speech. But I would like to mention that we have got good cause and our claims are just. It all depends on the response we get from the public and on what we do in order to receive that response."

The President then read a telegram from Mr. S. L. Tulli, "Managing Editor, Insurance Publicity Co. Ltd, Lahore, which ran thus: "Regret inability to attend. Wish Grand success Cooperation amongst fieldworkers and companies will go long way to achieve our common ambition, viz. advancement of Insurance in India."

"I think this telegram very aptly sums up what I want to tell you. Indian companies should work like one company helping our another and not cutting one

another's throats (applause). We shall leave that to others. As far as as Indian companies are Concerned we should co-operate with each other; the rich companies should come to the help of the small ones. If that cooperation and mutual help is forthcoming from all Indian companies the next President of this Conference will have a far better session to attend.

The only thing I have to do now is to thank the various companies and persons who have assisted in the organisation of this Conference and brought it to such a successful end. I have been asked by the organisers to say that if there has been any inconvenience or difficulties for the delegates they would kindly overlook them considering that this Conference is the first that has been held in this country. You will bear in mind that the whole organisation has been a single man's work and it has been achieved with great difficulty. I should certainly say that the officers and staff of the Jupiter General Insurance Company and the students of the Davar's College Insurance Association have been very useful, and done excellent work, in the successful conduct of the Conference.

I should next thank the Central Bank of India for kindly allowing us the use of this hall for the holding of the Conference.

I am very much gratified to see not only the number but the classes of persons who have come here. There are many distinguished men present here and I am very pleased to see the encouragement they have given us. Last, but not least, I would like to say

The resolution duly seconded was adopted unanimously. (President's concluding remarks.)

The President in bringing the proceedings to a close said, "We have now come to the end of the Session. I use the word session advisedly, because it is only the Session and not the Conference itself, that has come to an end. The work of the Conference has just begun. You have left that work to the Committee that has been just formed and I am pretty confident that we shall soon see the practical results of their efforts. Their efforts will be found in the number of Indian gentlemen and business firms that have brought over their business from non-Indian to Indian Insurance companies.

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that the Press has taken notice of this Conference in a way, I do not say, we did not deserve, but certainly we did not expect. They have helped our cause a great deal by publishing the accounts of the proceedings of this Conference and I wish to express my thanks for that service "

Gentlemen, the first Session of our Conference is over.

Sir Lalubhai Samaldas proposed a hearty vote of thanks to the President. He said they were all very lucky in getting Mr. Saklatwala to occupy the chair because one would hardly have expected a person in the position of Mr. Saklatwala, one of the great industrialists of the city, to have found the time and the leisure to preside over their conference. Mr. Saklatwala was moreover best fitted to occupy the chair as he was one who knew best how to conduct and control a meeting. The speaker referred to the keen and patriotic interest evinced by Mr. Saklatwala in the growth of Indian insurance. In Mr. Saklatwala they had a gentleman first and everything else afterwards and he thought the greatest conquest the subjects committee had made was in securing him as their chairman of the committee to work out the aims and objects of the conference, for a whole year. He had not the slightest doubt as to the success of the committee's labours under Mr. Saklatwala's leadership (Cheers.) The motion was carried amidst acclamation;

The chairman thanked the conference for its vote of confidence in him.

The Conference was then dissolved.

## SOME DISTINGUISHED VISITORS.

Sir Geoffrey Corbett  
 Mr. Jamnadas M. Mehta, M. L. A.  
 " H. P. Mody  
 " Mirza Ali Mohamedkhan  
 " S. S. Batliwala  
 " Laxmidas R. Tairsee  
 " Walchand Hirachand, C.I.E.  
 " S. N. Haji, M.L.A.  
 " M. A. Master  
 " Shanti Kumar N. Morarjee  
 " Hansraj Premji  
 " J. K. Mehta  
 " H. E. Davis Simon  
 " M. Leslie  
 " L. Randall  
 " J. Cochrane  
 " A. S. Chadwick  
 " F. C. St. Paul  
 " S. D. Saklatwala  
 " F. S. Graham  
 " Vishwanath P. Vaidya  
 " M. V. Merchant  
 " A. S. Erulkar.

### List of Delegates present at the Conference.

The Andhra Insurance Co. Ltd.	Mr. Y. Mangayya " C. V. Narasimham
The Argus Insurance Co. Ltd.	Mr. N. B. Dave " R. P. Correia
The Asian Assurance Co. Ltd.	Mr. C. G. Fozdar
Bharat Insurance Co. Ltd.	Mr. Lala Girdharilal Mullick. " V. B. Beherey " S. K. Trivedi

Bombay Life Assurance Co. Ltd.	Sir Lalubhai Samaldas, Kt. Mr. P. J. Billimoria " J. L. Mehta " S. B. Card Master " N. S. Pai " K. Balasubramania Iyer.
Bombay Mutual Life Assurance Society Ltd.	Mr. L. V. Vaidya " V. P. Vaidya " M. K. Desai
British India General Insurance Co. Ltd.	Mr. H. M. Mehta " Geo. Brown " Fitter " Savchak.
Crescent Insurance Co. Ltd.	Mr. R. M. Bhat
Empire of India Life Assurance Co. Ltd.	Mr. E F. Allum " Bharucha
General Assurance Society of Ajmer.	Mr. S. Kabboor. " Sardesai
Hindustan Co-operative Insurance Society Ltd.	Mr. N. Datta
Hindu Mutual Life Insurance Co.	Mr. P. C. Ray
Hindustani Bhima Co. Ltd.	Mr. Lala Girdharilal
Ideal Democratic Assurance & Mortgage Loans Ltd.	Mr. S. M. Pandharipande " D. D. Deshpande " G. R. Pimpallaonker
Indian Mercantile Insurance Co. Ltd.	Mr. P. E. Dhalla
India Equitable Insurance Co. Ltd.	Mr. F. S D'Souza

The Industrial & Prudential Insurance Co. Ltd.	Mr. J. C. Setalvad " K. C. Desai " V. C. Setalvad " J. P. Mehta " K. J. Dalal
The Jupiter General Insurance Co. Ltd.	Mr. Lalji Naranji " B. J. Modi " K. S. R. Iyer. " Lakshmidas Dwarkadas " D. H. Hiranandani
Lakshmi Insurance Co. Ltd.	Mr. Lala Lajpat Rai " Pandit K. Santanam " H. K. Pathare
National Indian Life Insurance Co. Ltd.	Mr. Humphreys " P. D. Churi " R. K. Mundorgi
National Insurance Co. Ltd.	Mr. N. B. Saklatwala, C.I.E., Sir P. C. Sethna Kt. Mr. Narottam Morarji " B. F. Madan " R. J. Duff " A. D. Banker " K. J. Mehta " H. Mistry " M. M. Mundkur " K. B. Roy " G. S. Row " Patel
The New India Assurance Co. Ltd.	Mr. A. V. Mahar " D. L. Bhagwat " B. V. Bhat.
The Nagpur Pioneer Insurance Co. Ltd.	Mr. P. A. Baptist
New Era Insurance Co. Ltd.	

Oriental Govt. Sec. Life Assurance Co. Ltd.

Mr. B. H. Warden  
Sir Purshotamdas Thakur-das

Presidency Provident & General Insurance Co. Ltd.

Mr. N. J. Gor.  
,, R. H. Vyas

Premier Life Assurance Co. Ltd.

Mr. L. S. Sarwadikari.

Tropical Insurance Co. Ltd.

Mr. I. K. Yajnik

Universal Fire & General Insurance Co. Ltd.

Mr. R. D. Birla  
,, Motilal Kanji  
,, Raghovji Kimji  
,, Kanchanlal Varajdas,  
,, K. H. Setalvad  
,, B. K. Setalvad

The Venus Assurance Bank Ltd.

Mr. Patel

The Vulcan Insurance Co. Ltd.

Mr. Velji Lukhamsey  
,, J. C. Setalvad  
,, K. C. Desai.

The Western India Life Assurance Co. Ltd.

Mr. K. R. Majgaonker  
,, D. H. Pandit  
,, W. G. Chirmule  
,, V. M. Karandikar  
,, V. N. Deshpande

Zenith Life Assurance Co. Ltd.

Mr. H. M. Mehta  
,, Byramji Hormusjee

Insurance Association Calcutta.

Mr. P. V. Subramanier.

Actuary

,, G. S. Marathey.

I

**AS INDIA'S GREATEST LIFE ASSURANCE COMPANY**

**ORIENTAL**

LEADS THE WAY IN  
**SUCCESS—SECURITY—SERVICE**  
*Records of the Three Years' Period Ended 31st December 1927*

**SUCCESS**

ANNUAL NEW ASSURANCES, ANNUAL PREMIUM INCOMES,  
LIFE ASSURANCE FUNDS

*Increased from*

237 LAKHS	83 LAKHS	623 LAKHS	To	468 LAKHS	121 LAKHS	794 LAKHS
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**SECURITY**

Excess of Market Values of Investments over Book Values at 31st December 1927—over 70 Lakhs.

Claims paid to policy-holders or their Representatives during these three years—183 Lakhs.

*Extract from speech by*

**H. M. KING GEORGE** on 24th March 1928.

"By the development of this idea of Insurance the community is linked together by mutual duties and services and in this way the shock which would have overpowered an individual man, family or partnership is so widely distributed that it can be harmlessly absorbed. And as Insurance creates a bond of union between citizen and citizen and between nation and nation so it holds together the fabric of civilised society and is conducive to international peace."

**MAKE ADEQUATE PROVISION FOR YOUR FAMILY  
BY EFFECTING A LIFE ASSURANCE POLICY  
WITH THE ORIENTAL.**

A PROSPECTUS and full information will be promptly sent you on application to the HEAD OFFICE, ORIENTAL BUILDINGS, BOMBAY or to any of the Company's Branch Offices.

## Empire of India Life Assurance Co., Ltd.

(ESTABLISHED 1897.)

(For the year ending 29th February 1928).

New business exceeds	... Rs. 1,16,00,000
Income exceeds	... Rs. 54,95,000
Assets exceed	... Rs. 3,15,64,000

### A REVERSIONARY BONUS DISTRIBUTION OF

Rs. 15	Rs. 12
per annum Rs. 1,000 Assured	per annum per Rs. 1,000 Assured
On Whole Life Assurances	On Endowment Assurances

HAS BEEN DECLARED.

Interim bonus on policies becoming claims before the next valuation  
at the same rate.

### ACTUARIAL VALUATION RESULTS

FOR THE FIVE YEARS ENDING 28th FEBRUARY 1927,

SURPLUS—Rs. 37,66,689

Bonus to Policy holders	... Rs. 23,78,964
Amount Carried to Reserve	... Rs. 11,23,396

(Being Almost 30% of the Surplus.)

Full information may be obtained on application to  
any of the Branch Offices or Chief  
Agencies or from

Head Office :—  
Empire of India Life Building,  
BOMBAY,

ALLUM  
BHARUCHA & Co.  
Managers.

## THE BHARAT INSURANCE CO., Ltd,

LAHORE

Insure your Life with the "BHARAT."

A purely Indian Life Office of over 30 years standing.  
(Established 1896.)

Head office: LAHORE BRANCHES.—

Amballa. Ajmer. Ahmedabad. Allahabad. Agra.  
Bankipore. Bareilly. Bombay. Bhagalpur. Cuttack.  
Calicut. Calcutta. Dacca. Delhi. D. I. Khan. Gauhati.  
Karachi. Lahore. Lucknow. Multan. Mandalay. Madira.  
Madras. Nagpur. Poona. Rangoon. Rajkot. Rawalpindi.  
Sukkur. Sialkote.

### Chief Agencies :—

Fanglore. Karwar. Nairobi (British East Africa.)

Rs.

Total Funds exceed ... ... 80,00,000

Total claims paid exceed ... ... 56,00,000

New Policies issued during the year

1924 exceed ... ... 57,33,305 2

1925 exceed ... ... 72,99,045 1

1926 exceed ... ... 125,00,000 0

1927 exceed ... ... 151,80,980 1

Highest Bonus 20% P. A. declared on all participating Policies whether Whole Life or Endowment.

### Special features.

1. Policies reviveable at any time.
  2. Female lives also insured.
  3. Special unique non-forfeiture privilege.
  4. Premium moderate.
  5. Reduction allowed for charitable purposes.
  6. Special Schemes to suit all tastes such as Four-Fold Benefit Children Endowment and Annuity etc.
- Application for Agencies are invited from gentlemen of position and worth.

For further particulars apply to :—

MALLICK GIRDHARI LAL  
JOINT GENERAL MANAGER:  
Bharat Insurance Co., Ltd, LAHORE OR BRANCHES.

**The Lakshmi Insurance Co., Ltd. Lahore.**

Chairman:—Lala Lajpat Rai.

Managing Director:—PANDIT K. SANTANAM.

BOARD OF DIRECTORS.

Lala Lajpat Rai, M. L. A., 12, Court Street, Lahore.  
 Pandit Moti Lal Nehru, M. L. A.; Anand Bhawan, Allahabad.  
 Raizada Bhagat Ram, Barrister-at-Law, Jullundur.  
 Rai Bahadur Lala Dhanpat Rai, M. L. C. Vakil and Chairman  
     Board of Directors, The Punjab National Bank Ltd., Lahore.  
 Rai Bahadur L. Badri Dass, M.A., Advocate McLeod Road, Lahore.  
 Lala Dewan Chand, Merchant, Amritsar.  
 Mr. Jagan Nath Aggarwal, M.A., LL.B. Advocate, Lahore.  
 Pandit K. Santanam, Lahore (ex-officio.)

**The Company which has beaten all Records.**

**PROGRESS IN FIRST 3 YEARS.**

Year Ending.	Policies issued.	Life Fund.
30th April 1925	22,67,750	500
30th April 1926	38,84,750	64,430
30th April 1927	45,32,000	2,40,000

**POLICIES ISSUED UPTO DATE 1 CRORE 57 LAKHS.**

*Commerce says:*—“The career of the Lakshmi has been marked by high distinction in the first year of work, it did a business of 23 Lakhs. In this connection it may be mentioned that from figures available in regard to Indian Companies, started since the year 1923, only one Company did 7 Lakhs worth of business in the first year; and in the majority of cases the total business varied from 1 Lakhs to 4 Lakhs. In other words, the Lakshmi's record of work in the first year is three times the previous record. The second year of work shows an even more gratifying position. The total business underwritten for the year ended 30th April, 1926 is nearly 39 Lakhs. This constitutes another record as regards the work done by any Indian insurance company in the second year of its working. The expense ratio is 66.7 per cent which should be deemed satisfactory for a company in which most of the business underwritten is new business.

*Forward says:*—“Inspired by high ideals, controlled by a Directorate which contains such eminent men as Lala Lajpat Rai, Pandit Moti Lal Nehru and Rai Bahadur Lala Dhanpat Rai and managed by that selfless worker, Pandit K. Santanam this infant prodigy will continue to develop into unparalleled robustness at every stage of its life.     **RATES MAY BE HAD ON APPLICATION**

McLeod Road,

LAHORE

PANDIT K. SANTANAM.

Managing Director.

**THE  
INDUSTRIAL AND PRUDENTIAL**

**Assurance Company., Limited.**

HEAD OFFICE,

Jehangir Wadia Building.

Fort, Bombay.

**Directors.**

The Hon. Sir Lalubhai Samaldas, Kt., C.I.E.,(Chairman.)  
 Sir Chimanlal H. Setalvad, K. C. I. E., Advocate.  
 Sir Hukam Chand Saroopchand, Kt.,  
 Velji Lukhamsey, Esq.,  
 Motilal C. Setalwad, Esq., Advocate.  
 Gulabchand Devchand, Esq.,  
 Lalji Naranji Esq., J. P., M. L. C.,  
 J. C. Setalvad, Esq., (Ex-Officio.)

The Company was started 14 years ago.

From small beginnings, the company is slowly emerging into a healthy and vigorous Indian Life Insurance Company.

The average annual life insurance business written by the company exceeds 20 lakhs of Rupees.

Life Insurance Companies are growing into national institutions in this country and the INDUSTRIAL and PRUDENTIAL is contributing its mite towards such growth and development.

The INDUSTRIAL and PRUDENTIAL will only be too glad to give all assistance to people who are on the lookout for taking a life insurance policy.

Jivanlal Dastur & Co.

SECRETARIES & TREASURERS.

# ARE YOU AMBITIOUS ?

IF SO,

Join A S I A N organisation  
force. Training free; treatment  
sympathetic; Terms liberal  
and best prospects.

Call or write.

*The Asian Assurance Co. Ltd.,  
Asian Building, Nicol Road,  
Ballard Estate, Bombay.*

## Bombay Mutual Life Assurance Society Ltd.

### Board of Directors :—

Mirza Ali Mahomed Khan Esq. M. A., LL.B., J. P.

Dr. D. A. D'Monte, M. D., F. C. P. S., J. P.

Balwantrai K. Desai, Esq. M.A., LL.B.

Natverlal J. Shah, Esq., B. Com., A. S. A. A.

Umakant S. Desai, Esq. M. A.

The Society was started by prominent members of the European community residing in Bombay who were victimised by the failure of the "Albert" and the "European." Experience has proved that its rates, while comparatively low, are high enough to meet all its demands. It has, moreover, accumulated substantial investments which on 31st December 1927 amounted in spite of the great depression in the prices of all securities, to Rs. 9,40,891-4-10. The whole of these belong to the Policy-Holders.

Accounts submitted every three years to an Actuary for Valuation..

Funds.—Invested only in Government, Port Trust, Bombay Municipal, and Bombay City Improvement Trust Securities in the name of the Society.

Rates.—As low as those of any other sound Company.

Management.—Economical and entirely controlled by Policy-holders in whom it is vested by Articles of Association.

Profits.—Not diverted to shareholders as in the case of other companies but retained entirely for the benefit of Policy-holders amongst whom they are divided every Triannum.

Liberal Surrender values ranging from 30 to 95 per cent of all premia paid.—Also Bonuses and prompt payment of claims.

Children's Endowment Scheme makes arrangement possible for:—

- (1) Completion of education of sons and daughters
- (2) Placing them out in Business; and
- (3) Affording the latter a marriage portion.

Medical fees—are paid by the Society in all cases except for Policies to continue in force only for periods from 1 to 7 years.

By order

*F. L. McAfee. (Secretary.)*

# WESTERN INDIA

Life Insurance Co., Ltd.

SATARA CITY.

PREEMINENT among INDIAN COMPANIES  
at the age of 13. Fourth Valuation at the  
End of 1926.

## UNSURPASSED BONUS!

Bonus per 1,000 per annum.	
Whole Life	Endowment
Rs. 22-1/2.	Rs. 18.

## STRONGEST RESERVES !!

(1) Life Assurance Fund.  
Rs. 10,64,993

(2) Total Undivided Reserves.  
Rs. 3,42,170

RATIO of (2) to (1) 32 per cent.

NO

## OTHER COMPANY

In India can show

Equal Results.

For agency and other particulars  
Please Apply.

INSURE

IN

## LIGHT OF ASIA INSURANCE CO., LTD.

Offers

*The Finest Policy*

Our Multiple benefit policy ; Guaranteed  
Surrender value ; prompt Settlement  
of Claims.

*What satisfied Policyholders say :—*

I have pleasure in testifying to the prompt payment  
of the Claim under my policy which had  
matured made by Light of Asia Insurance  
Co., Ltd. Calcutta.

(Sd.) Mahamohopadhy  
SHYAMADAS KAVIRAJ.

I have much pleasure in acknowledging the promptness  
with which Light of Asia Insurance Company Limited  
have paid the claim under the Policy for  
Rs. 2,000 of my deceased  
brother

BOMBAY.  
(Sd.) L. N. RAIKAR.

Highest Terms for Agents.

Apply to Head Office,  
6, Old Post Office Street,  
Calcutta.

THE  
NAGPUR PIONEER  
INSURANCE CO., LTD.

Head Office Nagpur City C. P.

~~Accident and Sickness Insurance Co.  
of India Ltd.  
Established 1892~~

Bonus declared by the Company to its Policy holders in its very First Valuation.

The Management and Working of the Company is well appreciated by the Actuary to the Government of India.

Great future anticipated. Directorate consist of able and influential businessmen. Low premium rates. Prompt settlement of Claims.

Representatives to be appointed throughout India on very liberal terms.

Please apply to-day, for full Particulars.

National Indian Life  
Insurance Co., Ltd.

(A Subsidiary of the National Bank of India)

Ask for particulars of

THE NEW

Guaranteed Double Bonus & Forty per cent Provident

SCHEMES

"There is no other Company in India, we believe, that offers exactly similar advantages."

("Statesman"—15-2-1928.)

MARTIN & CO., or to Resident Manager,  
Managing Agents.

6 & 7 Clive Street,

CALCUTTA.

**THE  
NEW INDIA ASSURANCE Co., Ltd.**  
(Incorporated in India.)

**Fire.**

**Marine.**

**Transit.**

**Loss of Profit (Following fire.)**

**Motor Car.**

**Workmen's Compensation.**

**Burglary.**

**Fidelity Guarantee.**

**Personal Accident. etc. etc.**

**Insure with the largest Indian Fire etc.,  
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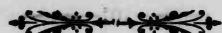
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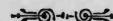
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